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WIMBLEDON

EDBERG ADVANCES TO FINAL

See Sports, Page 17

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Buying British

York in a Jewish family... 1920s. The founder of... his father. He is in... visit.

The American Rose... awarded its highest honor... Hare Krishna community... Vrindaban, West Virginia... rose garden. The Krishna... showed no signs of... sects and had "lots of... growth" despite the U.S... Ankie Bryan, a Rose... spokesman, said. A Rose... panper the roses with... pesticides like most garden... despite the fact that... said the New Vrindaban... director Betty Hickey.

Michael Jackson will... with a planned British... quarantine laws banning... chimpanzee Bubbles. Jackson... allowed to take the simian... pan last year and he... liked to bring him to... records spokesman said... British tour begins July 14.

The imprisoned apartheid... Nelson Mandela is... birthday present from... ed source — the South... government. Authorities... Mandela a six-hour... 15 members of his family... his 70th birthday... July 18. Prison officials... Mandela's wife, Winnie... about the visit, which had... been requested. A benefit... cert was held in London... month to mark the birthda... dela, who began serving... in 1964. It is in good... shape, says his lawyer... "He has an exercise... had to get a new one for... recently because the earlier... worn and discarded in... from use. He probably... world record on that one."

A Norwegian coin dealer... bought thousands of Scandi... gold coins in London for... ion in what British an dealer... the largest single pur... collectors' coins. A spe... fine art dealers Spink... which handled the sale... Olav Aasmund bought 100... from an unnamed seller.

A Shift In Policy For Seoul

Roh Seeks to End World Isolation Of North Korea

By Don Oberdorfer and Fred Hiatt

SEOUL — President Roh Tae Woo, announcing a major shift in policy, said Friday that South Korea would no longer seek to isolate the Communist North but would seek to help integrate North Korea into the international community.

Mr. Roh, in a lengthy interview, said that on the eve of the Olympic Games to take place here in September, South Korea had the self-confidence and the economic and military strength to deal with the North in a friendlier fashion.

The basic policy in the past was to try to change the North Korean position by isolating them further," Mr. Roh said. "We have changed this. We think that by encouraging them to be more open, we can have peace in this part of the world."

Mr. Roh's new posture toward the North reflects a deep and widespread yearning in the South for progress toward reunification of the Korean Peninsula, where a major war was fought in the early 1950s and which remains among the world's most dangerous areas of East-West confrontation.

Mr. Roh's policy of integration rather than isolation would appear to call for a corresponding shift in U.S. policy toward North Korea. The United States, taking its lead from Seoul, has had no diplomatic relations and hardly any contacts with the Pyongyang regime, which Washington has labeled a terrorist state.

The emerging diplomatic shift toward North Korea, which first surfaced in Mr. Roh's meeting with the South Korean press earlier this week and was given greater definition Friday, is part of a broad realignment of official policies toward the Communist adversary.

The justification for it, as expressed by Mr. Roh in the interview and by other officials in recent days, relies on a belief that Soviet policy under Mikhail S. Gorbachev and Chinese policy under Deng Xiaoping and other leaders is easing the worldwide East-West confrontation in a manner that is bound to affect even the hidebound and reclusive regime in North Korea.

The South Korean body politic, suddenly freed to discuss the sub-

In Berlin, A Bizarre Flight East

By Serge Schmemmann

New York Times Service

BERLIN — Scores of West Berliners scrambled across the Berlin Wall at dawn Friday in the first mass eastward flight across the divide, adding a bizarre Berlin touch to the swap of several bits of misplaced land between the two halves of the divided city.

The 182 who escaped were denizens of a squatter camp that had sprung up in May on the "Lenné Triangle," an overgrown lot in the middle of the city and at the heart of the long-negotiated exchange of 16 chunks of land that for various historical reasons had been stranded in the wrong Berlin.

After midnight, when the triangle formally passed to West Berlin, the police converged and demanded that the squatters leave. Finally at 5 A.M., 900 people moved in, and most of the squatters scrambled up and across the wall — as they had threatened to do — and into waiting East German trucks.

In contrast to westward escape attempts, in which defectors risked and sometimes lost their lives to cross the broad



Squatters heading east over the Berlin Wall on Friday and into the trucks of East German guards.

Soviets Approve Sweeping Plan For Reforms as Meeting Ends

By Philip Taubman

New York Times Service

MOSCOW — The Soviet Communist Party conference, ending four days of frank debate and startling clashes among senior delegates, approved a major overhaul of the Soviet political system on Friday, including a 10-year limit on the tenure of Mikhail S. Gorbachev and other party officials.

The conference endorsed a package of six related resolutions mandating a partial transfer of power from the party to popularly elected legislatures and an end to party interference in the day-to-day management of the economy and almost every aspect of Soviet life, the news agency Tass said.

The resolutions themselves were not published Friday, and it was unclear precisely which proposals were approved and what revisions were made in the recommendations submitted by Mr. Gorbachev and the Central Committee on Tuesday, the opening day of the conference.

Friday's events capped the most unfettered political gathering the

With Glasnost, a Taste of Western-Style Drama Reaches TV

By Felicity Barringer

New York Times Service

MOSCOW — That strange hybrid of politics and entertainment, the televised political drama, made its explosive debut here this week, bringing with it spontaneity, name calling, rapid-fire dialogue, and the oddly American phenomenon of pop political stardom.

What the Army-McCarthy hearings did for Joseph Welch, what the Watergate hearings did for John Dean and Sam Ervin, and what the Iran-contra hearings did for Oliver L. North, the 19th Communist Party conference is doing for the likes of Vladimir I. Melnikov, Vladimir P. Kabaizda, and Mikhail A. Ulyanov.

For an actor like Mr. Ulyanov, who makes a living playing Lenin, the communist politician, on stage, stardom was easily won — the more so because his

Soviet Union has seen since at least the years immediately following the 1917 Bolshevik Revolution, when pointed debate was still allowed at party meetings.

Although the concrete impact of the conference on the political system remains to be seen, and will depend on how the resolutions are put into operation, the meeting clearly altered the political climate.

At least one issue, that of party tenure, was made clear, however. "The conference stipulated that no single person can be elected for more than 10 years," Central Committee Secretary Anatoli Lukyanov said at a news conference. The limit is not retroactive, so current party officials could serve 10 more years.

"This covers all levels of party committees from the district committees to the Central Committee," he said. "It covers the general secretary."

President's Role

The conference also approved Mr. Gorbachev's proposal to create a new post of president, apparently clearing the way for him to assume that role. Reuters reported from Moscow.

Mr. Lukyanov said the president would guide work on all major legislation, decide on the main international issues, represent the Soviet Union abroad and chair the Defense Council and the Supreme Soviet, or parliament.

Under plans outlined by Mr. Gorbachev in his keynote speech to the conference on Tuesday, the president will be elected by a new 2,250-member Congress of People's Deputies.

"The Congress of People's Deputies will become the supreme organ of power," Mr. Lukyanov said.

Mr. Gorbachev on Friday pronounced the conference a success for his perestroika reforms.

"I believe we have grounds to say the conference has fulfilled all its goals," the Kremlin leader told the delegates as he closed the four-day gathering.

"We have the unqualified support of the people who have adopted the policy of perestroika and will not tolerate its defeat," Mr. Gorbachev said.

See SOVIET, Page 5

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE

Appears on page 16

U.S. Positions Ship to Counter Underground Iran Missile Site

By Molly Moore

Washington Post Service

WASHINGTON — A permanent Iranian Silksworm missile site, at which launch preparations would be almost impossible to detect, is expected to become operational on the Strait of Hormuz this fall, increasing dramatically the military threat in the Gulf region, according to the top U.S. commander for the Middle East.

Lieutenant General George B. Crist, the head of the U.S. Central Command, said the United States was responding to the bunkered, underground site by stationing an Aegis cruiser equipped with the navy's most sophisticated anti-missile weaponry within range of the facility.

General Crist said Thursday that the cruiser would be ordered to fire against any Silksworm launched, regardless of its intended target.

The permanent facility, with earthen and concrete bunkers that could accommodate four missiles, would be far more difficult to detect than the open platforms of mobile missile sites now scattered along the shores of the strait and the Gulf, he said.

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Pentagon Halts Some Payments

By Staff Writers

WASHINGTON — Defense Secretary Frank C. Carlucci, taking the Pentagon's first action in its procurement scandal, said Friday that he had suspended payment on \$1 billion of military contracts that may have been tainted by bribes and fraud.

"Clearly it has an impact" on national security, he said of the action, but not a "grave or serious" one.

Mr. Carlucci named nine projects, none of them major weapons systems, on which the Pentagon will stop payments immediately. The contracts involve communications and electronics command and control equipment for the navy.

Mr. Carlucci said he took the action as a result of documents in the case unsealed by a judge in the U.S. district court in Dallas. The affidavits disclosed that a defense consultant passed along inside information on nine navy contracts valued at more than \$522 million in a conversation that was monitored by the Federal Bureau of Investigation.

Additionally, Mr. Carlucci said the department was beginning suspension procedures against three individuals and a company named in the documents, was reviewing existing contracts with four implicated companies, and was freezing new contracts on the nine weapons systems.

"The affidavit," he said, "provides the department with evidence concerning individuals and companies."

"The navy has initiated suspension procedures with respect to George Stone, Mark Saunders, Joe Bradley, and the Continental Electronics Division of Varian Associates Inc., he said.

Mr. Carlucci said the current actions did not gravely impair national security, but that additional suspensions might.

"If you say 'impact on national security,'" he said, "clearly anything that slows down the process of producing defense equipment or requires us to reopen contracts has an impact on our ability to get equipment in the field."

"If you are talking about grave or serious impact on readiness or

Kiosk

JOHANNESBURG (AP) — The government proposed legislation Friday that would strengthen residential segregation and at the same time allow creation of the first legal multiracial neighborhoods.

One of the proposed measures, the Group Areas Amendment Bill, would make it easier to confiscate property and to evict and to prosecute blacks living in areas not designated for them.

A second bill, the Free Settlement Areas Bill, would allow for the creation of residential areas open to all races.

U.S.-Greek Polemic or the Labyrinthine Politics of a Subtitle

By Edwin McDowell

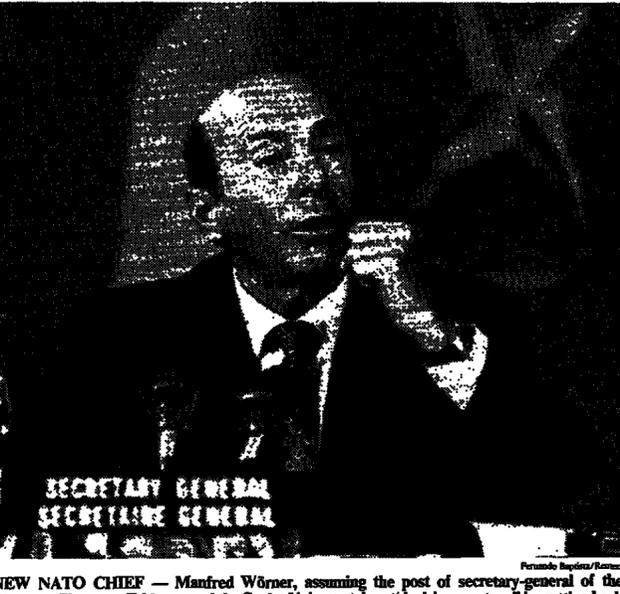
New York Times Service

WASHINGTON — It started out last year as a harmless-sounding project: a book by American and Greek authors about the administration of Prime Minister Andreas Papandreu of Greece, edited and published by Greek-Americans. But now, two months before publication, the project has created a stir involving the State Department, the Greek Embassy and others associated with it.

The book, "Greece Under Socialism: A NATO Ally Adrift," is scheduled for publication on Aug. 30 by Aristide D. Caratzas of New Rochelle, New York. It was edited by Nikolaos A. Stavrou, a professor of international affairs and political science at Howard University.

Mr. Stavrou and Mr. Caratzas accuse officials of the Papandreu administration of trying to censor a chapter in the book, trying to intimidate them for refusing to withdraw the chapter and, in one case, using a racial epithet. Friends in the Greek government, Mr. Caratzas said, warned both him and Mr. Stavrou that warrants would be issued for their arrest if either of them visited Greece.

While acknowledging that he had asked to have the controversial chapter withdrawn, George Papoulias, the Greek am-



NEW NATO CHIEF — Manfred Wörner, assuming the post of secretary-general of the Western alliance on Friday, urged the Soviet Union to take a "decisive new turn" by cutting back its military strength. Mr. Wörner, a West German, succeeded Britain's Lord Carrington. Page 2.

TRAVEL HOLIDAYS & TIPS

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NATO's New Political Leader Urges Soviet Military Cutback

BRUSSELS — Manfred Wörner, on his first day as secretary general of the North Atlantic Treaty Organization, called Friday the Soviet Union to take a "decisive new turn" in foreign policy by scaling back its military might.

Mr. Wörner, a former West German defense minister, succeeded Lord Carrington of Britain as the highest NATO political official. He said that the West remained under military threat from the East because of the reform efforts of Mikhail S. Gorbachev, the Soviet leader.

"We face a Soviet policy that inspires many hopes but has not given any tangible indication that its military effort will slacken," Mr. Wörner said.

U.S. Expects Soviet 'Run' On the Navy

WASHINGTON — The Soviet Union "is going to make a run on our navy" by demanding in future conventional arms negotiations that battle groups deployed near Soviet territory be pulled back, according to Admiral William J. Crowe Jr., the chairman of the U.S. Joint Chiefs of Staff.



Colonel Dinh Nhu Ninh, former commander of Vietnamese forces in Phnom Penh, left, and Doan Ngoc Cach, another senior officer, reviewing the Cambodian fighting Friday in Ho Chi Minh City.

Church Tries to Limit Schism Scope

By Barry James
International Herald Tribune
Roman Catholic leaders, moving to limit the schism caused by Archbishop Marcel Lefebvre's action in consecrating four bishops to take charge of his traditionalist movement, urged the prelate's followers Friday to remain within the church.

"They are faced with a painful choice," Cardinal Hume said. Cardinal Albert Decourtray of Lyon, president of the conference of bishops in France, where Archbishop Lefebvre's followers are especially active, urged the church to show hospitality to those who refuse to follow him "in this dramatic schism."

Since Catholic doctrine holds that bishops are needed to ordain priests, Archbishop Lefebvre described his deed as an emergency action to guarantee the continuation of his movement.

Dukakis Plays Up Chances Of Glenn as Running Mate

DAYTON, Ohio — Governor Michael S. Dukakis of Massachusetts campaigned with Senator John Glenn of Ohio on Friday, playing up Mr. Glenn's vice presidential prospects after doing the same with Representative Lee H. Hamilton of Indiana the night before.

He invited the Reverend Jesse L. Jackson, another prospect, to his home for a Fourth of July dinner.

CHURCH SERVICES

- CENTER OF COPENHAGEN**
FIRST BAPTIST CHURCH, English, Sun. 9:00, 11:00, 7:00 (Sun. 3:57, 7:14). Dr. R.J. Robinson, Min. Tel. (01) 297224.
- DUSSÉDORE**
INTERNATIONAL BAPTIST CHURCH, English, Sun. 10:00, 11:00, 7:00. Children's church and nursery. Members of the International Church, Leuchterstrasse 1, 2, D-4200 Essen, Germany. Bible Study, 10:00. Sunday School, 10:30. All are welcome. Dr. W.J. Deley, Pastor, Tel. 0211/400 157.
- GENÈVE**
INTERNATIONAL CHRISTIAN FELLOWSHIP OF GENÈVE, English speaking Sunday service 12:00 noon at Chapelle des Bains, 3 rue André, Rev. Greg Field, P.O. Box 244, CH-1211 Geneva 2. (022) 32 08 67.
- CHURCH OF THE LIVING SAVIOUR**, Geneva's International Pentecostal church, 20 Ave. Emile-Feytaud, Enjoy a warm atmosphere of brotherly, spiritual worship in English, 10:30 a.m. and 7 p.m. Tel. 447070 or 988580.
- HAMBURG**
INTERNATIONAL BAPTIST CHURCH OF HAMBURG, English, Sun. 10:00, 11:00, 7:00. Hamburg-Altona, Bible Study, 10:00. Worship 2 p.m. Tel. (0) 4101-20723.
- HOLLAND**
TENTH BAPTIST S.S. Church, Worship 11:00, 7:00, 9:00, 11:00. Members of International Christian Fellowship, 54 in Wassenaar, Tel. 01751-78024.
- PARIS AND SUBURBS**
THE AMERICAN CATHEDRAL, (Episcopal-Anglican), Wed. 12 noon Holy Eucharist. Sun. 9 & 11 a.m. Holy Eucharist. 23 Ave. George V, Paris 8, Tel. 47 20 17 92.
- BONNEUIL, Paris-Suburbs**, 56 Rue des Bon-Rois, Baptist-Metropolitan, English speaking, 10:00, 11:00, 7:00. Members of the International Church, Leuchterstrasse 1, 2, D-4200 Essen, Germany. Bible Study, 10:00. Sunday School, 10:30. All are welcome. Dr. W.J. Deley, Pastor, Tel. 0211/400 157.
- INTERNATIONAL BAPTIST FELLOWSHIP** meets at 123 Ave. de Maine, Metro Gobelis, 9:00, 11:00, 7:00. Members of International Christian Fellowship, 54 in Wassenaar, Tel. 01751-78024.
- STOCKHOLM**
IMMANUEL CHURCH, Kungälvsg. & Birger Jarl, Friendly Christian Fellowship, English, Swedish & Korean 10:00, Tel. (08) 15725, 320983.
- ZÜRICH**
INTERNATIONAL PROTESTANT CHURCH, English speaking, Sunday 11:30 a.m., English speaking 23, Tel. (01) 09 35 25.

Lowre Asks Mountaineers To Clean Glass of Pyramid

PARIS — The Louvre museum has signed a contract with four professional mountain climbers to make sure that the latest addition to the city — a 21.6-meter (72-foot) glass pyramid — remains as pristine as it is controversial.

The pyramid, designed by the American architect I.M. Pei, dominates the Napoleon courtyard in the Louvre Palace, where critics say it forms a glaring contrast to the surrounding neo-classical facades.

Iraqi Official Acknowledges Chemical-Arms Use in War

By Robert J. McCartney
Washington Post Service
BONN — Iraq admitted publicly on Friday for the first time that it has used chemical weapons against Iran in the Gulf War, but it contended that Iran had used them first.

The Iraqi foreign minister, Tariq Aziz, said at a news conference that use of chemical weapons, such as poison gas, "might be controversial." He said their use had to be understood in terms of Iraq's right to defend itself against what he called the threat of a "barbarian" invasion by Iran.

The 'Foe' in Cambodia: Malaria and Land Mines

By Keith Richburg
Washington Post Service
HO CHI MINH CITY — Vietnamese troops in Cambodia suffered more casualties from malaria and land mines than from combat with Cambodian guerrillas, senior Vietnamese military officers said Friday.

The officers attempted to paint a picture of a Cambodian resistance that proved incapable of penetrating the capital of Phnom Penh, but that nonetheless managed various acts of sabotage, such as laying dozens of mines along the roads near Phnom Penh during the spring of last year, and firing two H-12 rockets into the city in December 1986.

China Offers A Plan for Cambodia

By Daniel Southerland
Washington Post Service
BEIJING — China released on Friday a formal statement on Cambodia that proposes apparent safeguards against a return to power by the Khmer Rouge guerrillas.

As part of a settlement of the nine-year-long Cambodian conflict, the Chinese called for a freeze on Cambodian forces of all factions as well as for international supervision of a free election and a Vietnamese troop withdrawal.

Hungary Condemns Romania Village Plan

BUDAPEST — Parliament condemned on Friday a Romanian plan to resettle ethnic Hungarians and called on Bucharest to reconsider the move.

The official news media in Hungary reported that the Romanian authorities also were repatriating Hungarian travelers without giving any reason for the move.

WORLD BRIEFS

Waldheim to Drop Bronfman Suit
VIENNA (UPI) — President Kurt Waldheim has decided to drop a lawsuit against the head of the World Jewish Congress who had called him "part and parcel of the Nazi killing machine," a Waldheim spokesman, Gerald Christian, said Friday.

U.S. INF Inspectors Arrive in Russia
MOSCOW (UPI) — A U.S. military team arrived in the Soviet Union on Friday to begin monitoring Soviet compliance with the Intermediate-Range Nuclear Forces Treaty, a U.S. Embassy spokesman said.

China Creates a New National Airline
BEIJING (UPI) — China launched Friday what it called a new, independent national airline, Air China, replacing the Civil Aviation Administration of China.

Ex-Uganda Minister Sentenced to Die
KAMPALA, Uganda (AFP) — A former minister of state for national security under former President Milton Obote has been sentenced to death by the High Court in Uganda for kidnapping six civilians, the official New Vision newspaper reported Friday.

Lebanon Blasts Kill One and Hurt 47
BEIRUT (Combined Dispatches) — Two car bombs rocked Syrian-held areas of Lebanon on Friday, killing one person and wounding 47 others in the latest apparent challenge to Syria's political and military presence in the country.

For the Record
The head of Spain's traffic security on vacation routes, Rosa de Lima, was killed with four other persons on board a helicopter that crashed in bad weather in mountains near Madrid, the police said Friday.

TRAVEL UPDATE
Britons May Visit U.S. Without Visas
WASHINGTON (NYT) — The State Department is no longer requiring Britons to acquire visas before entering the United States.

Correction
In the editions of June 27 and June 30, the IHT misspelled the name of the chief pilot of the A-520 Airbus that crashed near Mulhouse, France, on Sunday. The pilot's name is Michel Asseline.

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U.S. Trial
By Doron Levin
New York Times Service
The juror was a full-figured beauty...
AMERICAN TOPICS
Drinking Age in U.S.
Is Now a Uniform 21
As of Friday, the minimum drinking age was 21. Wyoming was the last of the 50 states to raise it. Proponents say it will reduce the number of drunk drivers...
Short Takes
The number of American hospitals going out of business is rising sharply. Federal and state health care program no longer pay for treating their elderly patients. Closings have increased every year for the past five years, rising to 79 last year...
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KEEP UP TO DATE WITH BUSINESS PEOPLE APPEARING EACH WEDNESDAY AND FRIDAY IN THE IHT

U.S. Trial Consultants Psych the Jurors

By Doron Levin
New York Times Service

NEW YORK — The juror was a woman, a full-figured beauty, a former model, a Dallas-based trial consultant, also noticed an "unusually short distance" separating the juror's upper lip from the base of her nose.

To Mr. Vaughn, a psychologist, the woman's full figure indicated responsiveness and the distance between her lip and nose gave away her vanity.

In his view, she wanted attention and would respond well to it. Mr. Vaughn, who charges up to \$125 an hour for his advice to trial lawyers, advised his client, James Branton, to direct comments to the woman during the trial and give her as much eye contact as possible.

Bruce believed she would respond with a good impression of us and listen to what we had to say," recalled Mr. Branton, a lawyer in San Antonio, Texas. "She turned out to be an avid proponent of our case in the jury room."

Mr. Branton's client subsequently was awarded \$1.6 million as a result of the libel action in which Mr. Vaughn was a consultant.

The use of sociologists, psychologists and communications experts as trial consultants has grown sharply in the past decade, according to a spokesman for the American Society of Trial Consultants, membership in the organization has grown to 150 from 35 since 1982.

These social scientists often help lawyers formulate questions to use

in trials and jury-selection procedures in order to uncover hidden biases harbored by potential jurors, witnesses, opposing counsel and even judges.

Armed with that knowledge, lawyers may exclude potentially hostile jurors or frame the interrogation of witnesses in a way more advantageous to their client.

Some lawyers are troubled, however, by what they see as the proliferation of legal consultants like Mr. Vaughn, whose claims to scientific legitimacy are difficult to substantiate.

"I do believe in integrating social science and the law," said Millard Farmer, an Atlanta-based lawyer who, with psychologists and other lawyers, represents indigent defendants in death-penalty cases.

"But from everything I know about psychology, anyone who says they can look at your nose or the texture of your hair and tell what your attitudes are or what you'll do in a group situation like a jury is a boar."

The jury-selection consulting business began in the 1960s and 1970s as social scientists sought to challenge the impartiality of jurors in trials of such anti-war activists as Philip F. Berrigan, a former Roman Catholic priest, and his brother, Daniel J. Berrigan, a former Jesuit.

The practice has now become widespread, with civil and criminal attorneys routinely using social scientists to help them shape the attitudes of jurors.

Mr. Farmer, who says he believes jury consultants may be useful to

widened the perspective of lawyers who have a limited circle of friends and limited contact with other socioeconomic segments of society, also advises caution in their use.

Philip Corby, a leading personal-injury lawyer in Chicago, said he does not allow trial consultants to make judgments about jurors and witnesses that he believes he should properly make by himself.

"Good lawyers know what to do," he said. "Consultants are only another resource."

James Rasicot, a Minneapolis-based trial consultant, is known in legal circles as "the color guy" for his interpretive approach to the color of potential jurors' clothing.

Mr. Rasicot, who holds degrees in psychology and sociology, counsels clients that bright-colored clothes generally are worn by people who crave attention and have a concern for other people; therefore, they tend to be more favorably disposed toward the plaintiff in a civil lawsuit.

Yellow, he says, is a tip-off to a "more intellectual, fashion-conscious, free-thinker"; dark blue, on the other hand, is generally worn by a subtler, more introverted personality who does not care as much about other people and thus might be a better juror for the defense.

Mr. Rasicot, who said he had about 300 lawyers as clients, watches out for jurors wearing hoop earrings and costume jewelry (good for plaintiffs) and jurors wearing Rolex watches and three-karat diamonds (good for defendants).

"To many in the law, however, the debate obscures a more important point.

"Even if these consultants were able to positively predict how these jurors were going to behave — which they can't — that wouldn't be good," said Maurice Rosenberg, a law professor at Columbia University.

"We don't want jurors who we know what they're going to do. We want jurors with open minds."

Doctors Urged to End AIDS Confidentiality

By Isabel Wilkerson
New York Times Service

CHICAGO — The American Medical Association, breaking with its tradition of confidentiality, has strongly urged physicians to warn the sexual partners of patients found to carry the AIDS virus if there is no other way to alert them to the danger.

However, some homosexual rights groups and civil libertarians said it could frighten AIDS victims away from medical help and undermine efforts to contain the virus.

"This is a landmark in the history of medical ethics," Dr. James E. Davis, the new president of the American Medical Association, said Thursday shortly after the policy-making body approved a group of AIDS-related proposals.

"We are saying for the first time that, because of the danger to the public health and the danger to unknowing partners who may be contaminated with this lethal disease, the physician may be required to violate patient confidentiality," Dr. Davis said. "The physician has a responsibility to inform the spouse or known partners. This is more than an option. This is a professional responsibility."

Physicians have been torn between their obligation to guard a patient's privacy and the duty to warn potential victims.

The 420 members of the association's House of Delegates, concluding its annual meeting in Chicago, voted firmly on the side of the duty to warn the patients' sex partners.

At the same time, in approving a series of proposals to fight the spread of AIDS, the physicians said state governments had the primary responsibility for tracing and notifying sex partners.

The group said it would pursue legislation to require public health officials to "solicit, identify and notify" partners of AIDS patients and victims.

The delegates stressed that doctors should try to persuade patients found infected with the AIDS virus to notify their sexual partners themselves and, failing that, should try to have the public health authorities do so. But if other means failed, the physician "should notify and counsel the endangered third party," the amendment said.

In growing numbers, doctors and other health workers accidentally exposed to the AIDS virus are taking the drug AZT in hopes of preventing infection, despite possibly severe side effects, health officials said in San Francisco, according to The Associated Press.

The theory is that AZT — now known as zidovudine — if taken early after exposure might prevent the virus from installing itself in the person's genetic material.

The toxic drug can cause muscle aches, nausea, headaches, and severe anemia. Since it works by impeding cell replication, it cannot be given to pregnant women. A six-week supply costs about \$800.

Procedures to warn about people infected with AIDS virus are now under way in every state, according to a report from the national Centers for Disease Control in Atlanta. The Associated Press said.

The agency reported Thursday that all 50 states encourage partner notification.

Forty-eight states have in place "referral on request" programs to inform partners when a patient asks them to. The other two — Georgia and Nebraska — have programs to inform partners in certain cases, such as women of childbearing age or rape victims.

In addition, a Georgia law that went into effect Friday specifies that authorities may contact spouses, sex partners or other parties for disclosure after first trying to inform the patient they plan to do so.

Partner notification has been a part of efforts to fight sexually transmitted diseases since the advent of penicillin to treat syphilis in the 1940s.

Soviet Jewish Exodus Rises
The Associated Press
GENEVA — Soviet authorities allowed 1,470 Jews to leave last month, the sixth straight rise in the monthly number of emigrants, the resettlement agency, the Intergovernmental Committee for Migration, said Friday.

AMERICAN TOPICS

Drinking Age in U.S. Is Now a Uniform 21

As of Friday, the minimum U.S. drinking age was 21. Wyoming was the last of the 50 states to raise it. Proponents say a uniform drinking age of 21 saves lives. The New York Times reports. Opponents say the withholding of federal highway funds from states until they raised the age to 21 was tantamount to blackmail. And, they say, people under 21 are drinking anyway.

The Wyoming Legislature had defeated four bills to raise the drinking age before passing this one in March, 39-28. The state had been losing more than \$8 million a year in federal highway funds. And because Wyoming was the only state with a lower legal drinking age, teen-agers from other states were drinking there and driving home drunk.

States that have enacted the higher drinking age have done so with mixed results. The California-based Mothers Against Drunk Driving estimates that drunk-driving fatalities among 18-, 19- and 20-year-olds have decreased by 13 percent over the past four years.

But in some places, drinking in this age group appears to have increased. At Princeton University 46 students were hospitalized during the month of February after drinking too heavily at campus events, the highest one-month figure in memory.

Short Takes
The number of American hospitals going out of business is rising sharply. Federal and hospital authorities say the federal Medicare program no longer pays hospitals enough to cover the costs of treating their elderly patients. Closings have increased every year for the past five years, rising to 79 last year, with new hospitals opening. The pressure is hardest on rural and inner-city hospitals. Statistically, there is no shortage of hospital beds. "We could do

just fine with fewer hospitals," said Glenn D. Hackbart, Medicare's deputy administrator. "The question is whether the right hospitals will go out of business."

Up to a fifth of Vermont's five million acres (two million hectares) of forest have been infested by the pear thrip, an insect smaller than a flea that eats budding tree leaves. The New York Times reports. About half a million acres have suffered moderate to heavy damage; the rest have been less affected. It is too early to assess the damage to the state's maple syrup industry, which sold 270,000 gallons (about a million liters) last year with a value of \$12.5 million, or how a less spectacular fall foliage season will affect tourism. There has been little research about thrips, so foresters and farmers are not sure how to respond.

Six in 10 Americans say their children could grow up to be president but only four in 10 say they would want them to, according to a Media General-Associated Press poll of 1,204 people. Only one of 10 Americans says he or she would like to be president. About two out of three people with incomes of \$25,000 or more said their children could become president and more than four in 10 said they would want them to. Less affluent people had lower expectations.

A new epitaph in the Sleepy Hollow Cemetery in Concord, Massachusetts, where Emerson, Thoreau and Hawthorne are buried, has caused a stir: "Who the hell is Sheila Shea?" Mrs. Shea, a mother of two, died of cancer in 1986 at the age of 43. Described by friends as having a hearty sense of humor, she had requested the epitaph in her will. The overseers of the cemetery were not amused. A tombstone isn't a bumper sticker; it isn't a T-shirt. But Nancy Griffin, the executor of Mrs. Shea's will, refused to have the tombstone removed. The town council declined to act, but ruled that henceforth the cemetery could reject "improper or offensive" epitaphs.

Arthur Higbee

Kill One and Hurt 40

Two car bombs rolled Sunday, killing one person and wounding 40 others in a political and military challenge to Syria's political and military leadership.

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4th of July Parties

PARIS 1st
MOTHER EARTH'S
Great street 180. Two orchestras with brass, singing and dancing. Dinner and drinks. Free. 10. Tel: 42.55.55.85 and 42.55.14.25.
44, Rue des Lombards.

PARIS 4th
THE STUDIO
4th July outdoor 180. Five music live bands, starting 7:30 pm.
41, Rue de Valenciennes. Tel: 42.74.10.38.

PARIS 5th
KATJASSE
Kato and Raymond La
LE PAVE DE LA TOURNELLE
4, rue Cochon, tel. 46.34.74.24. (between St. Germain and Quai de la Tourneville). Welcome you to 12:30 pm to 2:00 am. In their restaurant and club to celebrate the 4th July.

PARIS 6th
FRONT PAGE
In the heart of the "Hollis" two steps away from Chateaux will discover the Front Page in a unique setting and in terrace when you can sample typically American cooking from 11:30 am to 1:30 am. Free admission. Tel: 42.55.55.85 and 42.55.14.25.
56-58, Rue St. Denis. Tel: 42.56.98.67.

PARIS 6th
SAM KEARNY
LIVE JAZZ Tel: 47.29.98.80.
9, Rue Princesse. Tel: 47.29.98.80.

PARIS 8th
KITY O'SHEA'S PUB
Sister of the famous Dublin Pub located 50 yards from St. Germain. The French home of Irish food and excellent draught beer. Open 7 days. 10 R. Copacabana. Tel: 46.53.08.08.

PARIS 8th
JOHN JAMESON
The best Irish restaurant in Paris, recommended by major guides. Business lunch FF 95 and a la carte. Sunday brunch. Closed Monday. 10 Rue Copacabana. 46.53.08.08.

PARIS 8th
INDRA AND VISHNU
The most renowned Indian restaurant in Europe, renowned for its cuisine, decor & hospitality. Recommended by Geographical super-prizes in Paris, Rome, New York, Madrid, India, 10, Rue du Calvaire (between St. Germain and Quai de la Tourneville). Tel: 42.55.55.85 and 42.55.14.25.
(Open). 42.57.56.54 & 42.57.56.46.

PARIS 8th
DIAPASON
Refined cooking. 1988 Guide Michelin (14/20). Chef's special business menu FF 145, dining menu FF 85, menu 30 Rue des Bernardines. Tel: 42.51.11.15.

PARIS 15th
LE PRESBOURG
Treasures of the sea. Seafood, fish, crayfish, big, cool. Vieux Arc. 17 Rue. Tel: 42.55.55.85 and 42.55.14.25.
Menu of FF 20 or a la carte. D.Y. Open 10 am to 1 am. 3 Avenue Grand-Armée. 46.02.04.77.

PARIS 15th
AU HAMEAU D'AUTEUIL
Traditional cooking. Fish specialties. Flower terrace on pleasant square in the 16th district. 1 place de Bercy. Tel: 42.52.14.71.

PARIS 17th
GOLDENBERG WAGRAM
Smalls eating - Pastries - Cream cheese bagel and hot homemade - Cheese cake & all the good Jewish stuff. 69 Av. de Wagram. Tel: 42.27.34.79. Every day up to midnight.

PARIS 17th
KERVANSARAY
Turkish & Arab specialties. Show bar, best seafood restaurant in Paris. 10 Rue. Tel: 42.55.55.85 and 42.55.14.25.
10 Rue Copacabana. 46.53.08.08.

Dining Out

GENEVA
NIJANOR
Lobster-tail restaurant. Fine dining in a relaxed atmosphere on the right bank of Lake Geneva. 2 minutes from the center, with view on lake and Mont-Rose. Hotel Bellevue. Tel: 31.10.05.

LAUSANNE
AU VIEUX STAND
Bagnat sandwiches daily. Tel: 26.19.14.49.
Lully. Telephone: 021/9 14 49.

NEUCHÂTEL
ASHIANA
Indian gastr. Traditional spec. Refined surroundings. Indian gastr. 11:30 am to 11:30 pm. 25 Rue de la Gare. Tel: 46.25.55.85 and 46.25.14.25.

PARIS 8th
LA CHEVAUCHEE
Spanish spec. & traditional cooking. Refined setting. Business menu 220 franc. Closed on Wednesdays. Tel: 46.25.55.85 and 46.25.14.25.
42.25.61.67. (1. St. Mard & St. Denis).

PARIS 8th
LUDMILA PAVILON RUSSE
Dinner-supper. Russian atmosphere with Lullaby for musicians in dining surroundings. 45, Rue François Ier. Tel: 47.20.60.20.

PARIS 15th
LA TRUFFE BLANCHE - KOSHER
Excell. French cooking. Both Din. Informal setting. Reservation for holidays. 16, R. Ulysse (72015). Tel: 46.75.59.90.

PARIS 16th
PRUNIER TRAKTR
16, Ave. Voltaire-Hugo, 75116 Paris. Tel: 45.00.89.12. Reserve for quality seafood and 1925 setting. 320/40 FF. Closed Monday.

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Treasures of the sea. Seafood, fish, crayfish, big, cool. Vieux Arc. 17 Rue. Tel: 42.55.55.85 and 42.55.14.25.
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PARIS 8th
RAFFINATI & HONORINE
The American press has made us famous. Delicious French cooking. Both Din. Regional dishes - Lunch - various. Daily. 16 rd St-Germain. Tel: 45.22.21.21.

PARIS 7th
THOMASVILLE
Specialties of the South-West. Coast of seafood & oysters on shell. Closed on Wednesdays. 79 Rue St-Denis. Tel: (1) 07 05 49 72. Near Invalides Terminal.

PANTAGRUE
Traditional cuisine. Specialties, warm fire, great with blueberries, fish and potatoes. 20, Rue de Valenciennes. Tel: 46.51.29.96.

PARIS 8th
LE BISTROT D'ARMAND
Between the Ch.-Byres & St. Honoré. Bistrot BARDON & his team will receive you in a warm atmosphere. French cooking. Both Din. cooking menu. 6 to 10 am & daily spec. Near dining room & reception room. 30 St. Denis. Tel: 42.25.61.67. (1. St. Mard & St. Denis).

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Dinner-supper. Russian atmosphere with Lullaby for musicians in dining surroundings. 45, Rue François Ier. Tel: 47.20.60.20.

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John Capa/The Associated Press

Rains Bring Some Relief to Drought in the U.S.
Raindrops bead up on a windshield as a farmer leaves his tractor near Walnut, Iowa. Widespread rain fell Thursday night and early Friday from New Mexico to Missouri and from Mississippi to South Dakota. But forecasters warned it was only an interlude in the drought. The heavy rain soaked the Central Plains, bringing new life to many withering crops and flooding parts of Kansas, but some farmers complained that the wet weather was too little and too late.

Global Group Seeks Air Pollution Action

By Philip Shabecoff
New York Times Service

TORONTO — Government officials, scientists and environmentalists from 48 countries have called for immediate action to halt degradation of the Earth's atmosphere and set targets for global reductions in the burning of fossil fuels.

Delegates to a conference on "the changing atmosphere" urged strong global measures to slow and then roll back pollution that, they agreed, is rapidly warming the Earth's surface in a process that will produce profound climate change.

"Humanity is conducting an enormous, unintended, globally pervasive experiment whose ultimate consequences could be second only to global nuclear war," the conference statement said.

Richard Ayres, a lawyer and expert on air pollution for the National Resources Defense Council, a U.S. environmental group, said this was "the first time that many countries have agreed to major changes in policy to protect the atmosphere, including setting the target of a 50 percent reduction in carbon dioxide levels."

The conference specifically called for a 20 percent worldwide reduction in the use of oil, coal and other fossil fuels by the year 2005 and an eventual reduction of 50 percent in the use of such fuels. The combustion of fossil fuels produces carbon dioxide, a chief cause of the global warming trend because of the so-called greenhouse effect.

Called by the government of Canada, the conference included officials of many countries as well as private scientists and others.

But participants said the newly emerging consensus on the need to act against atmospheric pollution, and the specific targets set here, would give an important impetus to national and international actions in the near future.

At a news conference, representatives of environmental groups in North America and Europe said the results reached in Toronto could bring about specific actions to protect the atmosphere.

Yuri S. Sedunov, first deputy secretary of the Soviet State Committee for Hydro-Meteorology, called this conference "an important step toward a global approach to ecological problems."

In addition to the greenhouse effect, caused when carbon dioxide and other pollutants trap solar heat in the Earth's atmosphere, the related problems of acid rain and destruction of the Earth's ozone shield by industrial chemicals called chlorofluorocarbons must also be addressed, the conference said in a statement.

The statement emphasized, however, that steps taken to halt the deterioration of the atmosphere must be compatible with sustainable economic growth, particularly in the developing nations.

The statement called for development of a "comprehensive global convention" for the protection of the atmosphere by the year 1992. Last year more than 40 nations agreed on a treaty to protect the ozone layer, which filters harmful ultraviolet rays, by curbing use of ozone-destroying chemicals. But experts said that measures to slow the greenhouse effect would be more difficult and expensive.

"The Earth's atmosphere is being changed at an unprecedented rate by pollutants resulting from human activities, inefficient and wasteful fossil fuel use and the effects of rapid population growth in many regions," the conference

statement said. These changes represent a major threat to international security and are already having consequences over many parts of the globe.

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For years Canadians have been striking it rich in Lotto 6/49—Canada's most popular lottery. In fact, last year Lotto 6/49 paid over \$500 Million dollars in prizes! Almost every week new millionaires are being made by playing this fantastic game. The jackpots (1st prize) regularly surpass \$10,000,000 per draw and have gone as high as \$13,890,588.80. That record prize was won by Lillian and Stewart Kelly, pictured below, and still stands as one of the world's largest all-cash lottery prizes every awarded.

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Partner notification has been a part of efforts to fight sexually transmitted diseases since the advent of penicillin to treat syphilis in the 1940s.

MULTI-MILLION DOLLAR PRIZES
Here are some examples of the fantastic jackpots being awarded by Lotto 6/49:

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Mohamed and Nurah Samji — \$11,066,864.20
Ron and Val Taylor — \$10,372,326.70
Jean Ylan — \$10,191,804.60
Carrie and Derek Stockley — \$ 7,789,787.60
Doug and Loraine Clark — \$ 7,059,893.70

And that's just for first prize...there are many \$Millions more paid out in subsidiary prizes. With five prize categories in all and thousands of prizes won in every draw, it's as if you can't miss!

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the "bonus number". If you have any five of the six regular winning numbers correct plus the bonus number, you win second prize. Any five, four, or three of the regular winning numbers correct wins you third, fourth, or fifth prize respectively.

There's a new draw twice each week (on Wednesday and Saturday), every week of the year. The jackpot is guaranteed to be not less than \$1 Million dollars in each draw. And if the jackpot is not won in the current draw, that prize money is carried over and added to the jackpot

OPINION

INTERNATIONAL Herald Tribune

Bush Makes a Point

"The Cold War is not over," cautions George Bush in a major foreign policy statement. He says he would "seize the opportunity of change" that has been opened up by the new Soviet developments...

Good Sense Can Win

There are few Americans over 20 for whom a childhood trip to the dentist didn't mean a cavity count. But now the National Institute of Dental Research reports that half the country's children have no tooth decay whatsoever. The reason: fluoride, once the paranoiac's favorite target.

Then Came a Drought

For most of the 1980s, the problem of American agriculture was too much of a good thing. Production overran demand, depressing prices. The market was unable to support all the people on the land, and government had to step in, at enormous cost.

Other Comment

The ANC Goes Part of the Way: The African National Congress is reported to be offering liberal constitutional proposals designed to win white support. It is suggested that they represent a major step back from the commitment to a socialist state and the nationalization of South Africa's mines and industries.

Europe May Fool the Skeptics

Hardly had the European summits shaken the dust of Toronto off their heels when they assembled in Hanover to declare that their progress toward genuine union is now "irreversible." If the fractious Europeans actually eliminate trade barriers, free capital flows and let people work in the country of their choice, they figure to have the global scale and reach to take on the Americans and Japanese.

INTERNATIONAL HERALD TRIBUNE

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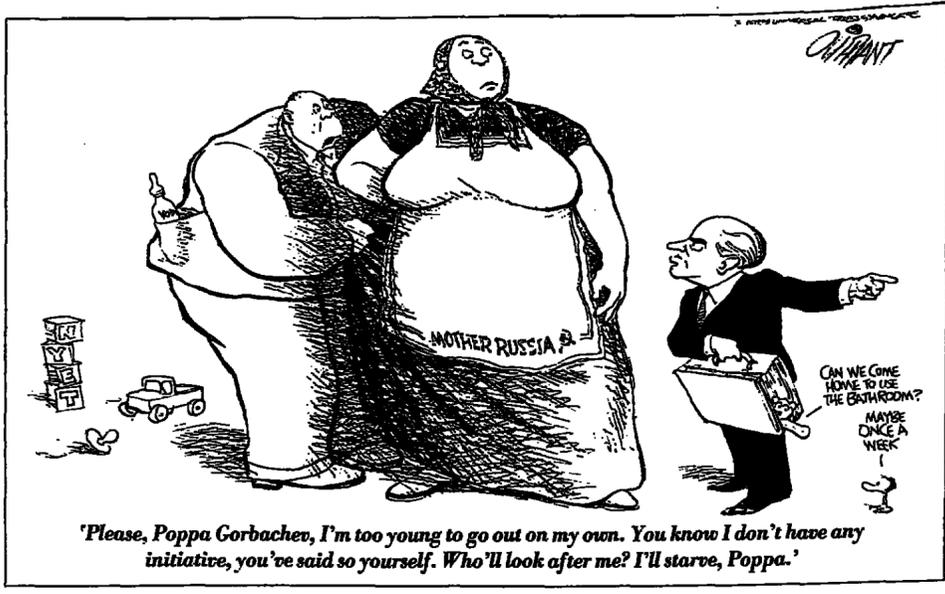
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Asia, Not Europe, Is Where the Future Lies

By Joel Kotkin and Yoriko Kishimoto

LOS ANGELES — America celebrates its 212th birthday on Monday. It is time it finally declared independence from Europe and ended a two-century-old fixation with Western civilization. The fact is that the long era of Europe's predominance in culture and in trade is coming to an end. Without its empires, Europe's share of world trade, 36 percent in 1900, has shrunk to a fraction of that as the economic center of gravity has shifted to the countries which border the Pacific.

Inflation: The Time for the Fed to Act Is Now

By Robert J. Samuelson

WASHINGTON — "The Federal Reserve's job is to take away the punch bowl just when the party gets going," said William McChesney Martin, the Fed's chairman from 1951 to 1970. The party's going just fine. Indeed, it's time to take away the punch bowl. Since World War II the worst mistakes in American economic policy have occurred when prosperity seemed brightest. Most of them were allowed to get out of hand. Fighting in that required high unemployment and prolonged economic stagnation. The lesson: a pre-emptive strike against inflation makes sense.

TV: High Politics

(Continued from page 1) The English-language Korea Times reported Friday night that the Education Ministry was revisiting elementary and secondary school textbooks to reduce hostile images of North Korea and promote understanding instead.

100, 75 AND 50 YEARS AGO

1888: Slavery in Africa PARIS — The church of St. Sulpice was crowded to overflowing [on July 1] by a sermon by Cardinal Lavergne, Archbishop of Algiers and Cardinal of the Holy See. His Eminence appealed to the congregation to abolish the scourge of slavery, the horrors of slave trade was but the effect of a America had just set a noble example by shutting up one of the markets to which the poor wretches were sent. Yet slavery in Africa was one hundred times more dreadful. The number of slaves sold each year amounted to 400,000. To capture these, at least 2,000,000 were massacred.

1913: Battle in Salonica ATHENS — After twelve hours fighting, the last Bulgarian detachment was garriooned in the barracks near the Church of St. Demetrius, in Salonica, surrendered this morning [July 1] to the Greek troops. As a result of the fighting on the Greece-Bulgarian frontier, the Greek authorities had given the Bulgarian troops still at Salonica one hour in which to lay down their arms. The Bulgarians refused the hour's grace to negotiate without surrendering, and the barracks were then attacked. After their surrender the Bulgarian troops were marched to the harbor and the cheers of the populace.

1938: Not All Gladiators ROME — Only 58 out of 90 Fascist secretaries and inspectors of the Fascist party succeeded in passing the round of physical training tests held in the Forum Mussolini under Italo Calvino's eyes [on July 1]. Under the leadership of Achille Starace, secretary of the party, they swam, jumped, vaulted, ran and shot, and were leaped over a hedge of bayonets. Further tests included vaulting over armored cars and through blazing hoops.

1988: Slavery in Africa PARIS — The church of St. Sulpice was crowded to overflowing [on July 1] by a sermon by Cardinal Lavergne, Archbishop of Algiers and Cardinal of the Holy See. His Eminence appealed to the congregation to abolish the scourge of slavery, the horrors of slave trade was but the effect of a America had just set a noble example by shutting up one of the markets to which the poor wretches were sent. Yet slavery in Africa was one hundred times more dreadful. The number of slaves sold each year amounted to 400,000. To capture these, at least 2,000,000 were massacred.

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Now a Plan For Action On Drugs

By A. M. Rosenthal

NEW YORK — Well, at last. Along comes a new proposal for drug action that is clear, sensible, comprehensive, entirely doable. It is based on solid thinking about what the problems are, makes choices about priorities, sets goals and outlines organization. It could finally, finally give the country a known plan and a rational strategy for fighting narcotics. It comes from 15 Democratic senators working on drug abuse, led by Daniel Moynihan of New York and Sam Nunn of Georgia. The Democratic leadership will try to work with Republican senators to produce a bill backed by members of both parties in Congress. If that happens, if the result could be one of the most important bipartisan efforts in decades. The "concept paper" is called "Epidemic," and it is lucid and literate, sophisticated and even intellectual, if you will excuse the word. It is a pleasure to read, which may explain in some part my seizure of enthusiasm. The first assumption is that the drug danger is real. That may seem obvious to most Americans now, but it is an important reply to the substantial number of supporters of drug legislation who insist that the country is in the midst of a media-created panic. "We are talking about our future," it says, "and there is a shadow over it. Young people are endangered but most viciously, virulently, the young people of the inner cities. The violence associated with drug use could drastically alter American society." The senators propose to spend \$3 billion more than the current \$4 billion, but they are not just throwing money; they have very specific ideas of how it should be spent. They propose to spend 60 percent of the total to try to reduce the demand for drugs, through treatment, education, policing, and punishment, and 40 percent on fighting to diminish the supply through interdiction and eradication of drug crops abroad. This will be the most controversial part of the proposal. It changes the current budget emphasis on stopping drugs from getting into the country. The proposal does not discuss the need for fighting drug growing and smuggling. But the senators believe that the country gets most value from money spent on fighting the use and peddling of drugs in the United States. They may be wrong, but it is worth the gamble to see if something works better than what is being done now, which is getting nowhere. And if enough money is appropriated, the attempt to fight drugs abroad and at the source need not be destroyed, despite the new emphasis. Here are some other points: Every level of government has to be involved. The federal effort, now scattered among dozens of agencies, should be pulled together by a cabinet-level director in the president's office, a "drug czar" who would draw up a national drug budget and strategy. The Department of Justice should be reorganized to create an anti-drug division under a new assistant attorney general. Locally, each community should have a task force involving law enforcement, education and health officials and citizens' representatives. In Washington, a Bureau of State and Local Affairs should help the cities and towns fight their drug battles. On law enforcement, the plan would reduce court and prison logjams that slow drug peddlers to walk free. There would be more money for courts and prosecutors and 20 new federal judgeships. U.S. magistrates could take drug cases. Criminal penalties would be increased. Special help would be dispatched to particularly bad drug areas. Federal benefits such as veterans aid would be deprived on first conviction. Five-year funding for education, prevention and treatment instead of the yearly hassle. Special attention would be given to areas where use of drugs creates high risk of AIDS. There are dozens of other suggestions, important individually but particularly as part of a comprehensive and comprehensive plan of action. Other important drug bills have died, picked apart like a chicken at a picnic. What a present it would be for the United States, and for themselves, if Republicans and Democrats in Congress acted in the spirit of this statement. There is much to be hopeful about if we accept our responsibility. The New York Times

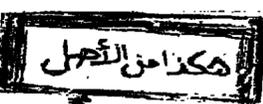
The emphasis shifts to fighting drugs at home.

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The English-language Korea Times reported Friday night that the Education Ministry was revisiting elementary and secondary school textbooks to reduce hostile images of North Korea and promote understanding instead. The government is drafting several proposals to the North for exchange of students and other programs according to Minister of Education Lee Hong Koo. On the economic front, the minister said, "It is just absurd that we have to buy minerals from South Korea or Australia that we could buy from North Korea." Chairman Kim Woo Choong of the Democratic Group, one of South Korea's largest opposition groups, said that "the time is coming" when South Korean businesses could build factories in North Korea.

(Continued from page 1) I would say in that category; but clearly it has an impact," he said. Mr. Carlucci also said the Pentagon was reviewing existing contracts with four companies named as the recipients of the anti-submarine system, a \$112 million contract of shore-based command and control systems to coordinate operations in the Atlantic. Another weapons system mentioned by Mr. Carlucci was the digital communications terminal, a \$100 million program to develop a computerized unit to transmit messages to be transmitted by short bursts by military field units. (AP, EP)

No Early Indictments The Pentagon fraud investigation is so complex that no indictments are expected before November.



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Boris Yeltsin appealed on Friday for his political rehabilitation at the Communist Party conference.

SOVIET: Sweeping Reform Backed as Meeting Ends

(Continued from page 1) Gorbachev declared to resounding applause.

"One of the heroes of this conference was glasnost," he said, referring to the openness policy, a main plank of his reform program.

Friday saw a bitter exchange between the Kremlin's No. 2 figure, Yegor K. Ligachev, and Boris Yeltsin, the ousted Moscow city party chief, over the direction that reforms should take.

Mr. Yeltsin, with little obvious support from the hall in the vast Kremlin Palace of Congresses, asked the delegates to agree to his political rehabilitation "while I am still alive" but insisted he had made no mistakes.

He also set out his own program for reform aimed at destroying the power of the party apparatus.

Mr. Ligachev retorted that Mr. Yeltsin, expelled from the junior ranks of the ruling Politburo in February, had sought to split the leadership and had no right to be forgiven.

Mr. Gorbachev himself expressed implicit agreement with Mr. Ligachev in his summing-up address but clearly sought to strike a balance between the two, who in the popular image represent the

ROH: Seoul Proposes to End World Isolation of North

(Continued from page 1) The project of unification with the North, is eager to test his hopes for improved relations. The hopes are undeterred by the absence, so far, of any evidence of change from Pyongyang.

The English-language Korea Times reported Friday night that the Education Ministry was revising elementary and secondary school textbooks to reduce hostile images of North Korea and promote understanding instead.

The government is drafting several proposals to the North for exchanges of students and other groups, according to Minister of Reunification Lee Hong Koo.

On the economic front, the minister said, "It is just absurd that we have to buy minerals from South Africa or Australia that we could buy from North Korea."

Chairman Kim Woo Cheong of the Daewoo Group, one of South Korea's largest conglomerates, said that "the time is coming" when South Korean businesses could build factories in North Korea.

TV: High Political Drama Arrives on Soviet Screens

(Continued from page 1) Underpass of the Ploshchad Tiyicha subway station on Tulinskaya, said, "In the philosophical sense, things will be different, but only in a philosophical sense. I'm personally a bit disappointed. I'd hoped for more."

In particular, he said, he wanted to see more open support of the newest political creature here, the informal organizations. "The party should take a lower-profile role," he said. A moment later, he paraphrased Mr. Ulyanov's remarks, saying, "There must be some sort of counterbalance to strengthen the party."

Still, not everyone on Tulinskaya Street was part of Mr. Gorbachev's great debating society.

PENTAGON: \$1 Billion in Payments Suspended

(Continued from page 1) Modernization programs, I would not yet put what we have done today in that category," he said.

Mr. Carlucci also said the Pentagon was reviewing existing contracts with four companies named in the affidavit, Litton Industries Inc., Norden, the Hazeltine Corp. unit of Emerson Electric Co., and Embart Corp. Of the four, only Litton has been named by the Pentagon as among the top 100 companies with which it does business.

The largest single weapons system on which payments are being frozen is called the anti-submarine operating center, a \$712 million system of shore-based command and control centers to coordinate efforts to locate, and in time of war destroy, submarines.

Another weapons system mentioned by Mr. Carlucci was the digital communications terminal, a \$150 million program to develop a hand-held computerized unit to compose messages to be transmitted in short bursts by military field radios.

U.S. Offers \$500,000 For Attache's Killers

(Continued from page 1) WASHINGTON — The United States has offered a reward of \$500,000 for anyone who helps bring to justice the killers of a U.S. military attaché in Greece.

A leftist Greek group known as November 17 has claimed responsibility for the murder on Tuesday of navy Captain William E. Nordeman, 51, in Athens.

S. Africa Clerics Ask Vote Boycott

(Continued from page 1) wide voting in October for "sinful" segregated town councils, openly defying a government edict banning such protest.

Acknowledging they risk a government clampdown, 16 leaders of churches under the South African Council of Churches issued the first call to black and white South Africans to boycott the Oct. 26 municipal poll.

State-of-emergency curbs that could imprison the clerics for making the statement, among them the Nobel Peace Prize laureate, Archbishop Desmond M. Tutu, also ban publication of their appeal in South Africa.

East Europe Watches Moscow for Clues to Future

By John Tagliabue New York Times Service

PRAGUE — The Soviet Union's closest East European allies are following the Moscow party conference intently, evidently convinced that, as the cards are dealt there, their own hands may be shaped in future political and economic decisions.

Conservatives, including some of the leadership in Prague and East Berlin, are seeking to determine if there are minimum requirements of change they must fulfill. Leaders favoring change, such as those in Hungary, are struggling to discover the outer limits of what is permissible.

Some governments are clearly not waiting for the results. On Tuesday, the Hungarian parliament elected a biologist, Bruno Stranz, as the country's first Communist president since World War II. Although the position is

largely ceremonial, the move is viewed as a gesture toward social forces outside the Communist Party.

Among the population, the attention to the events in Moscow illustrates the degree to which the drive for change by Mikhail S. Gorbachev, the Soviet Communist Party general secretary, has captured the imagination of many East Europeans. Television coverage has been extensive, and people are watching.

The debate in Czechoslovakia illustrates how the Moscow events might influence the tug-of-war in many of the East bloc countries between a perceived need for change and a fear of destabilization.

"My ideal is the lively debate in Moscow," said Jaromir Sedlak, a senior adviser to Prime Minister Lubomir Strougal. "It was a real clash of ideas, sometimes witty,

and they learned to silence speakers who spoke in empty phrases by applauding. Applause took on a new role."

The men around Mr. Strougal are assigned the task of reviving Czechoslovakia's flagging economy. "There is no doubt, it cannot continue as it has been to now," Mr. Sedlak said on Thursday. "We must make radical changes, that is for sure; but there are differences, there is no unity about concrete measures."

Advisers to the party leader, Milos Jakes, agree on the need for change, but are more cautious. In recent months, Mr. Jakes has

stressed a need for enhancing the party's role as the leading force in society.

Honecker Resists Change

(Continued from page 1) Serge Schmemmann of The New York Times reported from Bonn on Friday:

Although the East German press reported fully on the keynote speech by Mr. Gorbachev to the Soviet party conference, East Germany's leader has repeatedly made clear he has no immediate intention of importing any of the Soviet general secretary's program of change.

Only last week, the major East

German Communist Party newspaper, Neues Deutschland, published the text of an Austrian interview with Erich Honecker, the East German leader, in which he declared: "German Communists never aimed at applying the Soviet system in their country."

Asked by interviewers about Mr. Gorbachev's program, Mr. Honecker said: "Obviously, it is a question of wanting to break up a certain encrustation of economic life in order to achieve a socioeconomic acceleration." He said he supported the effort, but "in each country it is carried out in an entirely different manner."

WALL: Bizarre Flight

(Continued from page 1) no-man's-land between two 4.5-meter-high (15-foot-high) concrete walls, the eastward escape proved benign and brief.

East German border guards fed the squatters breakfast, took down their names and put them on a subway back to West Berlin, where waiting West Berlin policemen again took down their names and let them go. Only one person was arrested.

The four-hectare (10-acre) Lenné Triangle is on the site of what before the war had been Potsdamer Square and the pulsating heart of old Berlin, where diamond-studded heiresses drank tea at the Café Kranzler.

Flattened by the war, the area was relegated by the victorious allies to the Soviet sector, the future East Berlin. But when the East Germans threw up the wall in 1961, they left the triangle out, and the West Berliners, claiming the lot had more than two tons of unexploded munitions buried in it, fenced it off. Soon nature reclaimed its own.

For West Berlin, however, the triangle blocked a planned north-south highway along its eastern border, and early in the 1970s it began trying to buy it. Though the city did buy two other small lots in the 1970s, efforts to get the Lenné parcel were stymied by East-West tensions until February, when the bloom of détente finally led Eberhard Diepgen, the mayor of West Berlin, and the East German leader Erich Honecker to agree to exchange the Lenné Triangle and 15 other bits of land, effective July 1.

Soviet Bourse? A Moscow Aide Voices a Hunch

(Continued from page 1) MOSCOW — A senior Communist Party economic official predicted Friday that the Soviet Union would eventually consider the formation of a own stock exchange under reforms promoted by Mikhail S. Gorbachev, the Kremlin leader.

Evgard Figurov of the economic department of the party Central Committee said that creation of an exchange was the logical extension of new forms of stimulating use of savings introduced over the past year.

"It is not under consideration yet," he said, "but I think it will be in the future." There have been suggestions from reform-minded economists that traditional revenue sources were not enough to ensure the modernization of Soviet industry.

With consumer goods still in very short supply, deposits in Soviet savings banks have risen steadily, especially over the past three years, and some economists say vast sums of money are also hoarded in domestic cash-boxes.

Over the past year, small state-owned enterprises around the Soviet Union have begun offering shares to employees and bonds for specific development projects as rigid control by Moscow has been slightly relaxed. Mr. Figurov said a bond market could arise alongside a share market.

MISSILE: U.S. Puts Ship Off Underground Iran Site

(Continued from page 1) United States retaliated for that attack, officials said, it chose not to hit mobile Silkworm sites because no missiles were at the facilities.

General Crist said that the permanent underground site would be much more difficult to destroy. "You've got to worry about penetration," he said, referring to the ability of bombs to reach the target.

The navy recently developed a version of the Tomahawk cruise missile with a warhead that bur-

rows underground in search of its target before it explodes. Several U.S. ships in the region are equipped with the long-range Tomahawk.

Iran's naval vessels and gunboats of its Revolutionary Guard have avoided U.S. ships since U.S. military forces destroyed or sank six Iranian vessels April 18 in daylight retaliation for the crippling by Iranian-laid mines of the frigate Samuel B. Roberts, according to General Crist.

He said it appeared that Iranian forces had been able to lay the mines because U.S. forces had become lax in surveillance of potential mine-laying activity in the central Gulf. He said the navy has increased sharply its surveillance network throughout the Gulf.

General Crist said Iranian attacks against commercial shipping had decreased since the April 18 attack, not only because of the U.S. assaults on Iranian naval forces but also because of increased patrolling in the region by U.S. allied ships.

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Table with columns for Country, Currency, 1 year, 2 years, 3 years, 4 years, 5 years. Lists countries like Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Rest of Europe, Rest of Africa, Gulf States, Japan.

INTERNATIONAL EDUCATION DIRECTORY

Directory listing international education programs. Includes sections for Austria (Innsbruck International Summer Institute), France (Stay and Study in Provence, French-American Center), Switzerland (Gstaad International School), and others. Each entry provides details about courses, fees, and contact information.

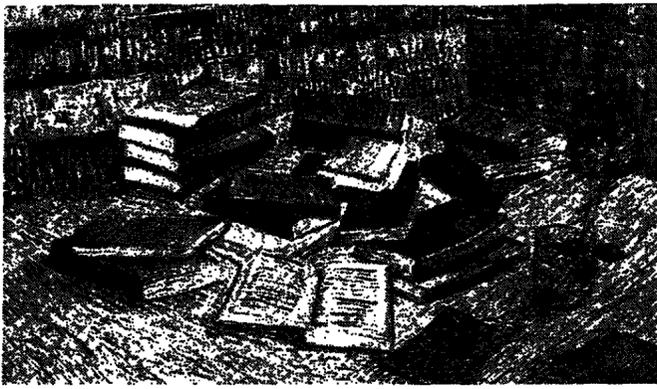
ARTS / LEISURE

At the Art Sales, Prices Take Off

LONDON — The latest round of Impressionist and Modern Master sales in London, in which more than £70 million (\$119 million) in pictures and sculptures changed hands, has highlighted the deep changes that the art market is undergoing. Demand is not just soaring, its nature is being increasingly modified by the motivations of players new to the market.

SOURLEN MELIKIAN

relevance to prices than the appearance and quality of the work. The ultimate in this line may have been reached at Christie's, which made a killing Monday with a van Gogh bordering on banality and a Monet that is not truly Impressionist. The van Gogh, a still life of books strewn about a table, titled "Romans Parisiens (Les Livres Jaunes)," was painted in Paris in 1887, within a year of the painter's confinement with Impressionism.



Van Gogh's "Romans Parisiens (Les Livres Jaunes)" sold for £7.15 million at Christie's in London.

ded in 1870, took an important part in the early development of Impressionism. But this particular landscape, which focuses on the medieval postern, looks like an outdoor illustration taken out of "La France Pittoresque."

Even more astonishing is the record set 10 minutes later for Chagall, when "Paris, La Grande Rue" (1911-12) went to £1.63 million. It is typical in every respect. At the time of the Chagall retrospective at the Royal Academy in 1985, Susan Compton noted in the catalogue: "This unusual picture follows the motif so closely that it is almost certainly based on a contemporary postcard."

There were similar contrasts that kept surprising professionals. They could hardly understand why a large view of the ramparts of Aigues-Mortes done by Jean-Frédéric Bazille in 1867 soared to £715,000, a record for the artist. Bazille, who

of the auction was a painting done by Monet at the height of the first Impressionist phase, in 1876. There are not many of these around and the subject, a woman reading in a meadow, is attractive. Having said that, the picture lacks the great achievement of Monet at that period — the kind of shimmering light that molds volumes and defines perspective through different grades of the same tonality. Moreover, red blobs clumsily smudge the face and the flowers stuck in the white lace hat, as if the artist — or someone else — had accidentally felt the need for a spot of strong color.

In view of its rarity, Sotheby's estimate of "about £6 million" seemed a big maximum to leading dealers. At first, bidding from the room was sluggish. In the event, the battle was fought out over the telephone between unidentified contestants. The final price, £14.3 million, was more than twice what experienced dealers had considered the highest conceivable figure. As one put it, requesting anonymity: "This is not the natural outcome of spontaneous bidding. You reach such a price after weeks and months of hard work trying to convince a millionaire or two that they have got to own this piece at any cost. You then back it up with financing schemes allowing complicated lines of credit. Sotheby's has done it. But they are not helping anyone — not even themselves."

Many of his colleagues see this as indirect but effective price manipulation, fraught with danger to the entire market structure. It introduces artificial references, which in turn serve as inflation boosters. On the other hand, those who buy and sell still bear the primary responsibility — no one coerces them.

Collector's Guide



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Vengeful Architecture

A Slick Search for Discomfort and Conflict

By Benjamin Forgey

NEW YORK — "Deconstructivist Architecture," the galvanic exhibition at the Museum of Modern Art of 10 projects by seven architects, represents a comeback of modern architecture after two decades of eclipse. It's a visually exciting but somewhat vengeful return — some of this stuff is wonderful and imaginative but almost all of it is slick and intentionally disorienting — and it may be the architectural equivalent of Andy Warhol's 15 minutes of fame.

The show's organizers, Philip Johnson and Mark Wigley, were at pains to select projects that have been built, will be built or, conversely, will never be built but are "buildable."

If the whopper projects here are the kinds of complex objects the architects and well-heeled clients of the future will be turning out, heaven help the already fragmented cities, suburbs, towns and neighborhoods. The intention, says the wall text at the entrance to the show, is to "transform architecture into an agent of instability, disharmony, and insecurity, of discomfort, disorder, and conflict."

But, in the guise of radically revising modern architecture, the projects flaunt quite a few of modernism's more anti-social attitudes: they are isolated, look-at-me objects, anti-contextual, anti-conventional, anti-historical. The fact that some are poetic and alluring merely masks an underlying poverty of social inspiration or belief.

It is hard to say precisely what comprises "deconstructivist architecture." The word "deconstructivism," coined by the critic Joseph Giovannini, is a conflation of the words "deconstruction," as eclectic French literary and philosophical movement, and "constructivism," the art and architecture of the Russian avant-garde in the years immediately preceding and following the 1917 revolution.

So far this odd coupling of concepts and practices is more a marriage of convenience than a coherent theory. "Just as a literary text (according to this theory) doesn't have a unifying wholeness or fixed meanings, but several asymmetrical and irreconcilable ones," Giovannini has written, "a building can consist of disparate 'texts' and parts that remain distinct and unaligned, without achieving a sense of unity." In other words, the typical deconstructivist building would be asymmetrical, unsettling, contradictory and multilayered in function and meaning.

The big projects do not live up to the rhetoric: they are far too conventional, sleekly oversized and chillingly anti-human. Ren Koolhaas's proposal for a high-rise apartment building in Rotterdam, for instance, is an overdue modernist slab dressed up in the 1980s. With its alternating angled and flat facades, it's clever and stylish but mean and brutal. (For political reasons, apparently, it won't be built.)

The skyscraper designed for Hamburg by the Himmelsblau cooperative, with its sharply angled planes and skewed geometries, is wonderfully dynamic, but it is just another megastore. ("Not even AT&T would have enough money to build this one," Johnson quipped.)

Daniel Libeskind's "City Edge" project is an astonishing tour de force — situated next to the Berlin Wall, it is a long rectangular tube that rises at an angle from the ground at one end and is supported at the other 100 feet (30 meters) in the air, by an angled cluster of steel columns. The surfaces will be a collage of everyday materials contradicting the monolithic nature of the object, and there will be a Ferris wheel-type elevator among other potentially spellbinding if disorienting features. Even so, it is an intrusive, dramatic oddity — it is hard to imagine it being a pleasant place in which to live. Libeskind, like all of the architects here, makes beautiful models and drawings, but practical details — floor plans and so on — are lacking.

Peter Eisenman's design for a biological research center in Frankfurt, which may not be built despite the fact that it won the competition for the project, is a set of daring, systematic variations on an esoteric theme. As his building blocks the architect took "the four basic shapes biologists use to describe fundamental biological processes" and subjected them to systematic distortion. The result is visually and intellectually complex but also as cold as ice.

With one exception the more persuasive and poetic of these pieces are small or midsize: Frank Gehry's famous house in Santa Monica, a live-in sculpture combining domesticity with affectionate if startling juxtapositions of odd angles and ordinary, "non-architectural" materials; Himmelsblau's explosive, apertorial rooftop addition to a Vienna flat, a striking concatenation of angled planes, straight and curved struts, and sleek materials; Koolhaas's bold steel tower, cannibalized over a Rotterdam canal and the saving grace of his apartment building design; Zaha Hadid's competition-winning design for the Peak, an exclusive club building on a sculpted hilltop above Hong Kong in the form of an incredible "horizontal skyscraper" with four long, planar elements superimposed upon one another and the earth at sight but telling angles (this was aborted due to nervousness about Hong Kong's future).

The exception is Bernard Tschumi's Parc de La Villette, partially completed in Paris. Alone among these projects does Tschumi's huge park, on the site of the city's 19th-century slaughterhouses, comprehensively address a social concern beyond the needs of a specific client — urban recreational forms for the 21st century. This is a built-in mandate, of course, and Tschumi was not the only architect involved (there is a Museum of Science in the park, a lightweight structure for popular music concerts, a restored grand hall for exhibitions, and so on). But his overall plan, involving the superimposition of three different systems (a grid, curving lanes and large open surfaces), seems masterful, and his constructivist-derived steel "follies" (14 of 30 having been built so far) seem, at this distance, wonderfully airy and upbeat.

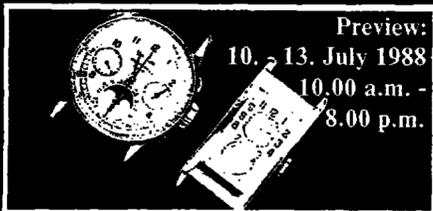


Model of the Himmelsblau project for Hamburg.

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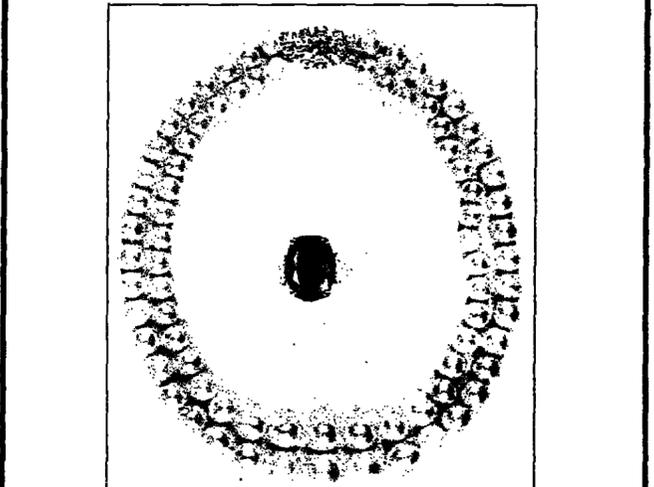


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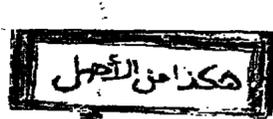
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look no further than Samsung SAMSUNG Electronics Page 7

ECONOMIC SCENE

Looking Past Speeches For a Believable Budget

By LEONARD SILK New York Times Service

NEW YORK — The connection between a country's internal and external deficits is clear: If it invests more than it saves and consumes more than it produces...

But there is no consensus on how to reduce or eliminate the structural budget deficit. Vice President George Bush pledges not to raise taxes, while Governor Michael S. Dukakis of Massachusetts has left that option open.

Until now Mr. Dukakis has been vague on how he would eliminate the budget deficit. He has said it would be irresponsible for him to get too specific before gaining the presidency.

Mr. Bush has been more specific. He would balance the budget in the next four or five years by a "flexible freeze" on expenditures, holding the growth of aggregate spending to the rate of inflation while rising revenues gradually eliminate the deficit.

"Flexible freeze" means increasing some federal programs, such as education, while cutting others — as yet unspecified.

According to the Bush projections, this plan would reduce the budget deficit, which has been projected by the Congressional Budget Office at \$134 billion in 1993 under current policies, to just \$16 billion in that year, with savings of \$58 billion coming from holding the growth of domestic spending down to the inflation rate and savings of about \$60 billion coming from an assumed drop in federal interest payments.

Mr. Bush's advisers insist that their long-term budget-balancing plan is not based on rosy assumptions, noting their use of the CBO's projections, which, they say, are "less optimistic" than those of the Reagan administration. The budget office's projections have the unified budget deficit, including the partly offsetting Social Security surplus, declining from \$167 billion in the 1990 fiscal year to \$134 billion in 1993.

BUT THE staff director of the Senate Budget Committee, Richard N. Brandon, contends that the budget office's projections are based on overly optimistic assumptions: first, that there will be no recession for the next five years; second, that military spending will be held to zero real growth, third, that there will be no extra spending for unanticipated developments, such spending has averaged \$15 billion a year for the past 10 years.

Mr. Brandon estimates that under present policies the non-Social Security deficit will persist at more than \$220 billion for the next four years and that, correcting for the optimistic assumptions, the overall structural deficit will remain at about 4 percent of the gross national product.

The Bush assumption that about \$60 billion of the budget deficit in 1993 will be eliminated by the drop in interest payments, as a result of the financial markets' acceptance of the credibility of his budget-balancing plan, raises doubts. For one thing, the persistence of internal and external deficits in the next few years will swell the volume of federal debt on which interest must be paid.

With the economy steadily growing, efforts to keep the dollar stable are likely to keep interest rates high or raise them higher. But if the dollar does fall further to keep the trade deficit shrinking, financial markets would anticipate even stronger upward pressure on interest rates.

The markets, and the rest of the country, are still looking for a credible plan to balance the budget — from both candidates.

Building Spending Up in U.S. Private Housing Remains Weak

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. spending on new construction rose 1.1 percent in May but the bulk of the increase came in commercial building, as spending for private housing slumped for the third month, the Commerce Department said Friday.

Spending for new construction rose to a seasonally adjusted annual \$407.1 billion, after a 0.2 percent decline in April, the department's Census Bureau said.

Some analysts had expected a continuation of April's figures, or no growth at all.

During the first five months of the year, spending on new construction projects totaled \$147.6 billion, 1.5 percent more than during the same period of 1987, the bureau said.

Spending for new residential construction was down 1 percent in May from April, to a seasonally adjusted annual \$193.4 billion. The bulk of the drop came in spending for new single-family houses. Spending for new apartment buildings rose slightly.

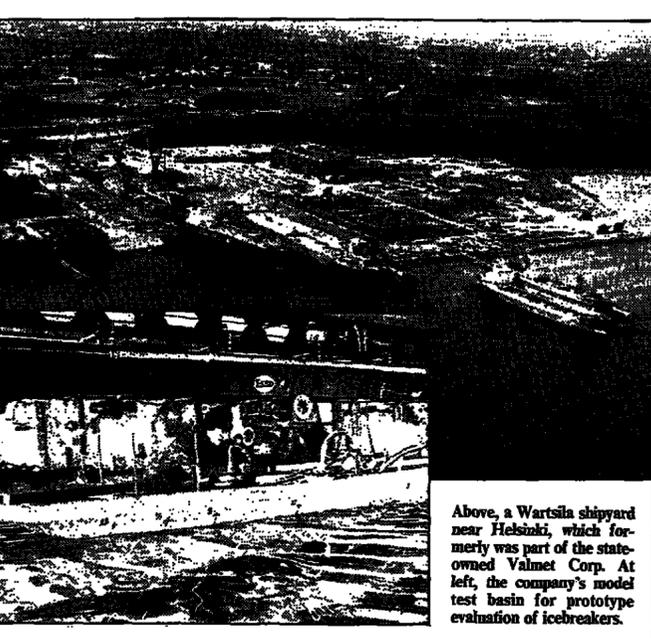
The dip in single-family housing construction mirrors other reports this month showing that a private house in the suburbs is both rising in price and becoming less popular with builders and buyers.

Spending for nonresidential projects rose 4.3 percent in May to a seasonally adjusted annual \$398.7 billion, led by a 0.8 percent increase in spending on new offices and industrial projects, the report said.

Factory construction rose 7.7 percent and now stands 22.8 percent above where it was a year ago, as U.S. manufacturers have boosted investment because of increased demand, primarily from higher export sales.

Office construction rose 7.8 percent during the month to stand 11 percent above levels a year earlier. This rate of increase puzzled analysts, because of lingering high vacancy rates in the office sector.

Public-sector construction spending fell 0.2 percent from April to a seasonally adjusted annual \$78.9 billion. (UPI, AP)



Above, a Wartsila shipyard near Helsinki, which formerly was part of the state-owned Valmet Corp. At left, the company's model test basin for prototype evaluation of icebreakers.

Wartsila Plunges Into a New Field Sights Set on Jules Verne World of Tourist Submarines

By Steve Lohr New York Times Service

HELSINKI — Compared to its orders for nuclear-powered icebreakers and luxury passenger liners, tourist submarines might seem small potatoes. Nonetheless, Wartsila AB, the big Finnish shipbuilding group, has set out to conquer "tourism's next frontier."

With a huckster's sense of optimism, Wartsila's promotional literature notes that more than 70 percent of the world's surface is covered by water, and Timo Siirila, the marketing manager for Wartsila's underwater tourist vessels, foresees a coming boom in passenger submarines to explore those depths.

Wartsila is completing work on two tourist submarines for delivery later this year, including one to a Japanese operator, and is holding discussions with a bevy of other potential customers. The submarines cost up to \$3.5 million apiece.

Just over a month ago, one 60-foot (20-meter) version of the Wartsila tourist submarine began slicing through the depths of Lake Simojarvi, about 100 miles (160 kilometers) south of the Arctic Circle. A similar sub, purchased by a Korean-American entrepreneur, Sancho Kim, has been operating off the Pacific island of Saipan and catering to Japanese tourists for a few months.

After a half hour under Lake Simojarvi, the fish count was none too impressive: one minnow and a startled salmon. Mostly, the vista from any one of the submarine's 22 portholes was a meager couple of feet in murky water.

"No, you can't see so much in a Finnish lake," conceded Juhana Airas, the manager of Finnish Submarine Tours Ltd. "What we're selling is the experience."

In the past a few aged oceanographic-research submarines have been taken out of retirement for tourist use, but Finland's major shipbuilder claims that its passenger subs are the first designed specifically for underwater tourism. Spacious, air-conditioned, plushly upholstered and with the Beatles singing "Yellow Submarine" over the intercom, the Wartsila submarines seem a light-hearted commercial answer to the public's Jules Verne fantasies.

Yet even if the market in tourist submarine blossoms, it will not loom too large in Wartsila's shipbuilding business, where the order book stands at more than \$2.5 billion.

Still, the tourist submarines typify the strategy that has allowed Wartsila to survive the deep recession in the industry during the past decade, when yard after yard in the Western world was forced to shut down in the face of weak demand and intense competition from low-wage developing nations.

Wartsila has managed to keep its operations going by capturing large shares of smaller, specialized segments of the industry.

The Helsinki-based company, for example, holds 60 percent of the world's market for ice-making machinery. See SHIPS, Page 13

Dollar Buoyant Despite Sales by Bank of Japan

NEW YORK — The dollar ended a hectic week Friday buoyant but off its highs, after the Bank of Japan joined the Bundesbank in trying to stop a three-week surge in its value.

The dollar still closed at its highest level against the yen this year in Europe, and extended that gain in New York trading before retreating slightly. Many dealers expect it to rise further next week.

"Unless the Bank of Japan intervenes aggressively," said Tim Fox, an analyst at Barclays Bank, "the market will continue to push the dollar against the line of least resistance, the yen."

For the first time this week, after other central banks had tried with only moderate success to blunt the dollar's rise, the Bank of Japan was seen intervening in Singapore, selling dollars for Deutsche marks, but not for yen. The amounts involved, \$30 million to \$50 million, were considered modest, dealers said.

Some dealers in New York suggested that the sales, when the dollar traded at 1.8225 DM, was on behalf of the Bundesbank rather than for the Japanese central bank itself.

In Europe, the Bundesbank intervened repeatedly at about the same level, dealers said. The Bank of France was reported as a seller of dollars for francs.

In New York, the dollar rose to 134.15 yen from Thursday's 133.025 after touching a high of 134.75 in light trading ahead of the long holiday weekend.

It rose to 1.8205 DM from 1.8140 Thursday; to 1.5135 Swiss francs from 1.5040; and to 6.1385 French francs from 6.1170. The British pound eased to 1.6955 from 1.7115.

In Tokyo trading, the dollar broke through 134 yen, where heavy selling had been expected. Some dealers predict that the dollar could top 137 yen next week, as the Bank of Japan is not expected to intervene significantly.

The dollar's surge by around 7 percent in the past few weeks reflects market optimism about the U.S. economy, economists say, and America's ability to narrow its trade deficit.

But governments whose currencies are depreciating fear that import prices will rise, fueling inflation. Dealers said that the dollar closed firm on strong speculative buying, underpinned by comments from Robert Ortner, the U.S. undersecretary of commerce for economic affairs, that the recent rise in See DOLLAR, Page 15

Japan's Surplus Shrinks As Imports Surge Again

TOKYO — Japan's trade surplus shrank in May, official figures released Friday showed, while its unemployment rate marked a three-year low and inflation was minuscule.

The country's surplus in the current account, the broadest measure of trade, fell to \$5.79 billion in May from \$7.11 billion in May last year and \$7.12 billion in April, the Ministry of Finance said in a preliminary report.

This was the second sharpest year-to-year decline in 1988, next to a 27.6 percent drop in January. Seasonally adjusted, the surplus was \$5.99 billion, down from \$6.91 billion a year ago and \$6.37 billion in April.

The merchandise trade surplus was slashed to \$6.6 billion in May from \$8.11 billion the previous year and \$8.49 billion in April. Year to year, May imports surged 34 percent to \$13.45 billion, while exports rose 10.5 percent to \$20.06 billion, the ministry said.

The jump in imports, which brought them within about \$1 million of the record set in April, was led by nonferrous metals, steel, lumber and crude oil, officials said.

On the export side, shipments of office-automation equipment, semiconductors and video cameras were brisk, while car exports increased in value as price increases made up for a volume decline.

The ratio of manufactured goods to total imports remained high at 46.8 percent, officials noted.

The overall balance of payments posted a deficit of \$7.31 billion, sharply up from the \$1.49 billion in May 1987 and \$3.53 billion last month. The adjusted totals were \$7.12 billion, against \$1.66 billion and \$4.28 billion.

Economists said the current account turnout for May was further evidence that Tokyo was playing its part in helping to right the world's lopsided trading patterns.

But unlike West Germany, the other major nation with a large trade surplus, Japan is managing to do so without any damage to itself. The crop of encouraging May figures showed that Japan still had enough money left over that month to sharply increase purchases of U.S. bonds.

Japanese investors, who had shied away from the bonds earlier this year because of doubts about the health of the dollar and the U.S. economy, added \$11.49 billion in foreign bonds to their portfolios last month, compared with \$8.13 billion in April. Dealers said that most of that money went into U.S. debt. Japanese unemployment fell to 2.5 percent in May, the ministry said, its lowest level in three years. And consumer prices were up just 0.2 percent from a year ago. (Reuters, AFP, UPI)

Currency Rates

Table with columns for Currency, Par \$, and various rates for major currencies like British Pound, Swiss Franc, etc.

Other Dollar Values

Table showing values for various currencies like Australian Dollar, Canadian Dollar, etc.

Forward Rates

Table showing forward rates for various currencies and terms like 30-day, 60-day, 90-day.

Interest Rates

Table showing interest rates for Eurocurrency deposits in various currencies.

Key Money Rates July 1

Table showing key money rates for various currencies like US Dollar, West Germany, etc.

Asian Dollar Deposits July 1

Table showing Asian dollar deposits in various currencies like Hong Kong, Singapore, etc.

Daimler Says Sales Rose in Half, Car Demand Has Peaked

STUTTGART — Daimler-Benz AG, the diversified automaker, reported Friday a 5.2 percent increase in group sales to 34 billion Deutsche marks (\$18.68 billion) in the first half of 1988 from 32.3 billion a year earlier.

But the company said that this generally favorable development should not obscure the fact that demand for cars had passed its cyclical peak and was now in decline.

The company has already announced precautionary plans to cut 1988 car output by 4 percent to 573,000 units from 598,000 in 1987.

Despite the generally sluggish outlook for car sales, the group's managing board chairman, Ezzard Reuter, said at the annual meeting that he expected sales in all its companies to increase 8 percent for the full year to about 73 billion DM after 67.5 billion in 1987. This is a slightly more optimistic forecast than the 5 percent increase to 71 billion DM that he gave in May.

He gave no profit prediction. Earnings last year rose a tiny 0.8 percent to 1.78 billion DM, because the mark's strength trimmed



Ezzard Reuter, left, managing board chairman of Daimler-Benz AG, listening to the deputy chairman, Werner Niefer, on Friday.

export sales and domestic sales hardly grew. Commenting on first-half sales at Daimler subsidiaries, Mr. Reuter said revenue rose about 71 percent at AEG AG to 5.8 billion DM.

Daimler owns 56 percent of the electronics group. Sales rose by 8 percent to 700 million DM at the aircraft maker Dornier GmbH, of which Daimler acquired 65.5 percent in 1985. Revenue edged up by 3 percent at Motoren und Turbinen Union GmbH to 1.33 billion DM.

Mr. Reuter also said that Daimler-Benz was still reviewing whether to take a stake in the aerospace manufacturer Messerschmitt-Bölkow-Blom GmbH. Daimler has repeatedly stressed that it wants no part of MBB's coasts as a partner in Airbus Industrie, the four-nation European aircraft consortium.

Under reported terms of a government plan, Bonn would take over MBB's risks that relate to the Airbus program, while Daimler would take 30 percent of the 52 percent MBB share held by the federal states of Bremen, Hamburg and Bavaria.

Sales of Mercedes cars in the United States fell in the first six months of this year, which mainly reflected a 17 percent drop in diesel car sales. Sales of gasoline-powered cars rose 8 percent.

Truck production increased 15 percent in the first half, as 10 percent more vehicles were produced in West Germany and 22 percent more abroad, Mr. Reuter noted.

Daimler said commercial goods vehicles production, including vans, trucks and buses, should rise by 12 percent to 260,000 units in 1988 because of lively domestic and foreign demand, especially for heavy trucks.

Mexico, Creditors Study Plan to Trim Debt 10%

MEXICO CITY — Mexico hopes to reduce its \$100 billion foreign debt by 10 percent before December as a result of new debt-exchange plan under negotiation with creditors, Finance Minister Gustavo Petricoli said.

He said Thursday that Mexico was studying a contingency credit option to guarantee interest payments and satisfy one major concern of its bank creditors. If successful, he said, the program could reduce Mexico's foreign debt by \$10 billion.

Mr. Petricoli said Mexico was discussing two or three mechanisms with governments including Spain, Britain, Japan and France. A debt-for-bonds plan, launched at an auction in February, resulted in Mexico's accepting only \$3.67 billion in bids from commercial banks and a net reduction in its debt of \$1.1 billion.

A detour to banks at the time was that although the principal of the 20-year Mexican government bonds was secured by Mexico's purchase of an equivalent amount of U.S. Treasury zero-coupon bonds, interest payments were not guaranteed.

"For this reason we are now working on an innovative scheme,

which will assure payment of interest," Mr. Petricoli said. However, he said Mexico would guarantee the interest for perhaps four years, instead of 20.

"We would thus ensure interest payments until 1992, and if the following year we can cover these payments without difficulty the guarantee would continue until 1993 and so on," he said.

If Mexico has difficulties in any year, it will still have three successive years to resolve its finances before falling into default, Mr. Petricoli said.

"De facto, we would be covering interest payments for 20 years, but without having to constitute a special fund or specific guarantees for the whole period," he said.

Mexico does not have enough funds to buy the zero-coupon bonds to guarantee principal and in addition guarantee interest for the four-year period, so it is asking for international support in the form of guarantees, he said.

Mr. Petricoli said that one option could be for a country to guarantee interest payments for the first six months, another government for the following six months and a commercial bank could contribute for the next period.

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NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE 4 a.m. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Class, Prev., New Issues, High, Low, Close, Chg.

NASDAQ Index table with columns: Class, Chg., Week Ago, Year Ago.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Class, Chg.

NYSE Diary table with columns: Class, Prev., New Issues, High, Low, Close, Chg.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of Total.

Dow Jones Averages table with columns: Class, High, Low, Last, Chg.

Standard & Poor's Index table with columns: Class, High, Low, Close, Chg.

NASDAQ Diary table with columns: Class, Prev., New Issues, High, Low, Close, Chg.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices as of the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Stock list A: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Sags in Heavy Trading

NEW YORK — Prices on the New York Stock Exchange retreated Friday in heavy trading as buying interest dried up before the three-day Independence Day weekend. Once again, dividend-related activity in a handful of stocks inflated the volume. The Dow Jones industrial average, which rose 19.73 Thursday, fell 10.13 to close at 2,131.58. For the week, the index lost 11.38 points. Declines led advances by about a 4-3 ratio in volume that rose to about 238.87 million shares from 227.41 million traded on Thursday. Prices were mixed in slow trading of American Stock Exchange issues. "It was a usual, preholiday session," said Larry Wachel of Prudential-Bache Securities Inc. "All your action in the morning and then everybody goes home." "Looking at the entire week, you can get an idea of how this market behaves," Mr. Wachel said, noting that the market was down Monday, up Tuesday, down Wednesday, up Thursday and down Friday. "It's very sporadic and that indicates there is no tremendous conviction out there," he said. "Despite the ups and downs, I think the market is building a launching pad for better things to come." Broad indexes also pulled back. The New York Stock Exchange composite index fell 0.79 to close at 153.68. Standard & Poor's 500-stock index dropped 1.72 to 271.78. The price of an average share lost 17 cents. Joseph Barthel, director of technical strategy at Butcher & Singer Inc., blamed part of the market's weakness on renewed concerns over the health of the Japanese stock market. "There is a growing fear on Wall Street that the Japanese market has recorded a top or is entering the throes of a serious correction," Mr. Barthel said. Stock prices fell sharply Friday on the Tokyo Stock Exchange. The Nikkei average of 225 selected issues lost 265.87 points to close at 27,503.53. "We just don't know what impact a serious correction in Tokyo would have on this market," he said. "As a result, we are seeing some early selling ahead of the long weekend. Before we come back on Tuesday, there will be two days of trading in Tokyo that we can't react to." BellSouth was the most active NYSE issue, off 1/4 to 42 3/4. Carolina Power & Light followed, unchanged at 34 1/4. Illinois Power was third, down 1/4 to 19 1/4. AT&T fell 1/4 to 26 1/2. IBM was off 1/4 to 126 1/4. Among the blue chips, General Electric was unchanged at 43 1/4. Woolworth was down 1/4 to 51 1/4. Eastman Kodak was up 1/4 to 45 1/4 and Merck was down 1/4 to 55 1/4. The Amex market index fell 0.25 to close at 309. The price of an average share lost 1 cent. Advances barely led declines among the 840 issues traded. Volume totaled 9.03 million shares, down from 10.76 million traded on Thursday. Dome Petroleum led the Amex actives, up 1/32 to 15 1/2. The National Association of Securities Dealers composite index added 0.04 to close at 394.70.

NYSE Stock list B: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list C: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list D: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list E: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list F: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list G: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list H: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list I: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list J: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list K: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list L: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list M: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list N: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list O: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list P: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list Q: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list R: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

NYSE Stock list S: Columns include 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

Advertisement for King of Siam and Queen of Siam, featuring text about their reign and a portrait of a woman.

Handwritten text in Arabic script: هكدام النجيل

Thailand



His Majesty King Bhumibol Adulyadej (above) has ruled, through innumerable governmental changes, for over 42 years.

Tourist attractions include the floating market at Damnoen Saduak (left), elephant roundups in Surin (above) and classical Thai dance (top).

New Milestones Reached For King and Country

Bhumibol Adulyadej — Thailand's vastly popular and nation-binding king — today becomes the longest reigning monarch in his country's 700-year history.

The milestone is being celebrated by his countrymen with a fervor perhaps no other 20th-century blueblood could elicit. But longevity itself is hardly the king's outstanding attribute. During his 42 years, 23 days on the throne, King Bhumibol has sometimes stilled, generally risen above, turbulent events to become, in the words of a British television profile, "the soul of a nation."

Through nine coups d'etat, ten constitutions and innumerable government changes, the king has personified stability, reason and tradition. And as crowns toppled amidst violence in neighboring Indochina, he grappled with the root cause of revolution: poverty and social injustice.

American-born, Swiss-educated, the inexperienced teenager was

North America and other Asian countries in the 1960s. The slim, boyish-looking king impressed, the queen charmed the likes of Charles de Gaulle and Dwight D. Eisenhower.

At home, Bhumibol took his constitutional prerogatives. Unsmiling, meticulous, iconic, he presided over the innumerable religious and royal ceremonies that are vital to Thai self-perception. And, perhaps most importantly, he and his family built up a mass following in the rural, often poor, heartland.

"We decided (in the late 1950s) that Thailand was too poor to support a conventional monarchy like those of Europe. The king decided that we must be able to help the government solve the people's problems," Queen Sirikit has said.

The king proceeded to initiate more than 1,000 rural development projects, including a pioneering and largely successful effort to wean hilltribes away from growing opium in favor of other cash crops. He hiked into remote hill villages and squatted in the dust with lowland rice farmers, settling disputes, personally designing small-scale dams and prodding ineffective government officials.

Despite immense wealth passed down by his ancestors, opulent palaces in the Thai capital and talents aplenty (he is an artist, linguist, photographer, inventor, international class sailor and composer once featured on Broadway), the king, queen and some of their four children spend up to nine months of each year in the countryside. They fan out almost daily to oversee leper colonies, one-room schools, village fertilizer "banks" and weaving cooperatives for impoverished women.

The king's relationship with the country's hilltribe minority is illustrative. These dwellers of northern Thailand were traditionally out of sight, out of mind as far as government officials were concerned. Only opium smugglers, Chinese bandits and a few Christian missionaries ventured into this slice of the so-called "Golden Triangle."



From Rice to Riches: The Rise of the Bangkok Bank

Son of a southern Chinese clerk, Chin Sophonpanich began his working life cooking noodles and hauling rice bags. When he died in January this year at the age of 77, his business empire included Southeast Asia's largest bank and some 150 other companies.

The slight, unassuming immigrant was among a group of Sino-Thais who rose from literal rags to staggering riches in true overseas Chinese entrepreneurial style.

The centerpiece of Mr. Chin's empire, Bangkok Bank, is often said to be Thailand's most powerful institution — after the monarchy, army and government bureaucracy. Started in a Chinatown shop house in 1944, the bank bestrides Thailand's financial world as few private institutions do anywhere in the world.

It extends 30 percent of the loans; takes in more than 25 percent of deposits, and finances 30-40 percent of the country's exports — currently a prime propellant of the Thai economy.

While its domestic position is unassailable, the bank's 301 billion baht (\$12 billion) in assets also rank it 13th largest in Asia and 237th worldwide. Assets increased by 12.3 percent last year and a similar growth is predicted for 1988.

The bank's executive chairman, Amnuay Viravan, points out that Mr. Chin's death has had little effect on operations as he retired five years earlier.

Until his retirement, it was said, Mr. Chin knew more about the details of bank operations than any of his more than 16,000 employees. "The Chin family still has effective control," Mr. Amnuay said.

"But we all realize a company of this size cannot be run by any one man or family if you expect it to be competitive and efficient." The family controls about 35 percent of the shares and three sons hold top positions, but more outside professionals are occupying executive suites in the bank's 33-story headquarters on Bangkok's "Wall Street," Silom Road.

Mr. Amnuay foresees Bangkok Bank shifting from a largely "short-term credit institution" to long-term financing, consortium activities and battles with other world giants.

"We are diversifying our services. We have to, because in the future our business will be more internationalized," he says.

Mr. Amnuay and other bank executives like to portray, with considerable justification, Bangkok Bank as a partner with the government in formulating and helping implement key economic policies. In earlier days critics charged that Bangkok Bank manipulated political power for its own profit.

However it fares in its new ventures, it is unlikely the bank will expand as dramatically as it did under Mr. Chin. There are far more players in the Thai economy now, and more government regulation of the super-rich.

—T.V. Mecir

Economy Surges Forward On Third Economic Wave

Bolstered by a surge in exports, foreign investment and tourism, Thailand is riding what analysts call Asia's third economic wave, following in the wake of Japan and the continent's "Four Tigers."

With little fuss or fanfare, Thailand has outstripped its Southeast Asian neighbors and is widely expected to move into the ranks of Newly Industrialized Nations — or NICs — in the 1990s.

Senior banker and government adviser Olarn Chairpravat talks about the start of a "golden age," and while this may smack of hyperbole, even the biggest optimists have been underestimating Thailand's economic growth indicators, including the 7 percent GNP expansion last year.

Concrete evidence of boom times is etched on the Bangkok skyline: an ever-thicker phalanx of new company headquarters, five-star hotels and condominiums. Foreign tourists — a record 3.5 million came in 1987 — flock to temples and

palaces in the quieter, historic quarters of the capital.

In the countryside, the traditional economic bedrock, farmers are moving from staples to higher value crops — fancy vegetables, fruits, farmed shrimp — while still keeping Thailand the world's top rice exporter. The country also ranks fifth worldwide in overall food exports.

In provincial hubs and on the outskirts of Bangkok, new industrial estates and individual manufacturing enterprises are attracting both local and foreign investment. Many of them have come in search of highly skilled but relatively cheap labor; Thailand's wage rates are roughly one-fifteenth of Japan's and a sixth of Taiwan's.

See *Economy*, Page 10

Tourism Heading For A Spectacular Year

Tourism-inspiring anniversaries, facts and figures have characterized the 1980s in Thailand.

The ruling Chakri dynasty and the kingdom's capital city both turned two hundred in 1982. King Bhumibol Adulyadej celebrated his 60th birthday (the completion of the fifth twelve-year cycle is a momentous event for every Thai) last December and today ceremonies throughout the country begin honoring the king as the longest-reigning monarch in Thai history.

Dates and milestones provide a good excuse for festivities. This week's commemorations, for example, include tonight's official opening of the Sukhothai Historical Park, which encompasses the grounds of the striking 13th century capital of Thailand.

This love statistics. Most are aware that the Tum Nak Thai restaurant earned a berth in this year's "Guinness Book of Records" as the world's largest restaurant and that

19-year-old Porntip Nakhirunkanok was recently crowned Miss Universe. Although she has lived in the United States for the past 17 years, the August return of Miss Universe to Thailand is perhaps more eagerly awaited than the national election on July 24 and the Bangkok Marathon on November 27.

The Tourism Authority of Thailand (TAT) cannily exploits these dates, events and figures to encourage tourists to flock to Thailand.

Prompted by the king's 60th birthday, and extended through last month, 1987's "Visit Thailand Year" helped attract 3.5 million tourists (an increase of 23.5 percent over 1986) who spent \$1.9 million (an increase of 32 percent over 1986). Although officials had ex-

See *Tourism*, Page 10



Her Majesty Queen Sirikit.

thrust upon the throne in 1946. Till then he had shown a penchant for fast cars and hot jazz. There were predictions he would become a puppet of the squabbling, military strongmen who took turns running the country.

Instead Bhumibol moved to revitalize the constitutional monarchy. "So this reign is perhaps characterized by going step by step. Evolution," he told an American journalist years later.

Accompanied by his stunning wife, Queen Sirikit, the king gained self-confidence, diplomatic savvy and powerful friends for the country on extensive trips to Europe.

See *King*, Page 10

Thailand

Airline Merger Aims To Boost Tourist Trade

The smiling air hostess greeted the passengers boarding a Thai Airways International flight from Seoul to Bangkok: "Sawatdee," she said. "Welcome to Thailand."

"The smile, service, Thai food and orchids combine to create an exceptional airline even by Asia's high-quality standards," said an American banker who had chosen to fly from Seoul to London via Bangkok simply because he was hooked on Thai. "Today it is one of the best airlines in the world and the new Bangkok airport makes travel to, from and through Thailand increasingly simple."

Like the air hostess, the departure hall at Bangkok's International Airport is typically Thai. A stunning gilded teak wood pavilion sells arts and crafts while another outlet provides fresh orchids. The first-class departure lounge has marble bathrooms, private offices and enough amenities, said the American banker, to keep him happily occupied during the layover.

About 50 percent of all visitors to Thailand arrive on Thai Airways International, which recorded a 25 percent increase in passenger traffic last year.

"Our challenge is to continue to improve our image as a full-service airline," said Pratin Buranabunpot, the director of Thai's market planning and development department. "The latest objective is to create an interlinked international and domestic network with increased frequency and capacity to different destinations."

This goal was partially accomplished last April when Thai Airways International merged with Thai Airways.

Tourists and travel agencies are now able to use the homogenous carrier to arrange both international and domestic flights as well as package tours through Thai's Royal Orchid Holidays. The integration of reservations and flight operations, for example, simplifies the booking of both tickets and seats. Reservations can be made on a flight from Paris, or 42 other international cit-

ies serviced by Thai, to Chiang Mai, or 21 other domestic destinations handled by the airline, in a single operation.

"The merger boosts Thai tourism because there are coordinated connections to domestic destinations beyond Bangkok and expanded package tours," explained Dharmnoon Prachuabmoh, governor of the Tourism Authority of Thailand, who noted that the airline may have some interesting competition in the 1990s with the implementation of an Orient Express-like train service from Chiang Mai to Singapore.

The government-controlled carrier is also purchasing additional aircraft and expects its fleet to increase to 50 aircraft by 1992. It has added five new international destinations — Auckland, Cairns, Madrid, Toronto and Vienna — and will gradually commence direct international flights to different destinations within Thailand.

"We will also continue to boost the number of its non-stop flights to Europe and promote the use of the Bangkok airport as a hub for other international carriers to encourage more stopovers and increase domestic travel," explained Pratin Buranabunpot.

Thai Airways International, which has 13,000 employees, currently operates at about 71 percent capacity and has recorded profits every year since 1965. Eighty-eight percent of its revenue is derived from international operations (including cargo and mail transport), 6 percent from domestic flights and the remainder from other operations such as the downtown duty-free outlets.

Profits during the first quarter of 1988 almost equaled that for the last entire fiscal year and observers agree that Thai's greatest challenge will be to improve its already reputable level of service.

—Joel Stratte-McClure



The new departure hall at Bangkok's International Airport.

King

Continued from page 9

Then, in the early 1960s, the king began taking hikes into their remote homelands, noting rampant disease, meager diets and a crippling dependence on opium. An initial royal project on pig breeding was followed by general agricultural development, education and step-by-step opium replacement. Government officials and foreign aid donors were quick to follow his lead, and consequently the hilltribes' living standards have improved markedly over the past decade.

Links such as these, which Bhumibol has forged with millions of his subjects, makes his position virtually invulnerable. By 1973, for example, it took only a few words from him to end a bloody, student-led uprising against a dictatorial trio. As street violence mounted, he allowed unarmed demonstrators to enter the palace and ordered his guards to remove the ammunition clips from their rifles. The troika was exiled.

In 1981, during Thailand's last major political crisis, a coup attempt by dissident military officers quickly crumbled after the king and members of his family left Bangkok

with Prime Minister Prem Tinsulanonda, the constitutionally elected leader. The king has only wielded such overt power during a few periods of national crisis, trying to maintain an admittedly difficult impartiality.

"A constitutional monarch must become a living symbol of the country," he has said of his job. "He must change with the country but, at the same time, he must keep the spirit of the country."

While some in academic circles debate the merits of a 20th century monarchy, criticism of the king himself is almost non-existent, even in private conversations.

Instead much of the recent talk about King Bhumibol has focused on possible abdication, something which palace officials deny. Those close to the throne say the 60-year-old king still has unfinished business. With external threats now minimal, living standards improving and the country probably as politically stable as it has ever been in modern times, Bhumibol may be looking with some concern at the price the country is paying for rapid economic and social change.

Even while Thai communist insurgents were posing a serious threat, he told a foreign journalist: "The publicized danger is communism. But the greed of our own people is more dangerous."

—J.S.M.

Unique Venture Backed By Public and Private Sector

By the end of this year, Thailand's first planned industrial town expects to have all its lots booked by Taiwanese, Japanese, American and European companies hoping to cash in on the country's manufacturing drive.

Widely regarded as a prototype, Bangpoo Industrial Estate is — uniquely — a government-private sector enterprise. As such, it can smooth a client's passage through often complex bureaucratic procedures — and speed up the granting of privileges due.

Another attraction is location: mid-way between downtown Bangkok and the Eastern Seaboard project, the country's ambitious industrial and cargo port scheme. Both areas are within an hour's drive of Bangkok.

Lots on the self-contained, 4,000-acre (1,600-hectare) estate have already been purchased by more than 150 companies, including ICI, Dupont, BASF, Delta Electric and Bangkok Container Industries. Chemicals, leatherware, textiles and food canning predominate.

Management provides utilities, waste water treatment, security and basic infrastructure, and is constructing residential areas, a school, hospital and golf course. Approved earlier this year for inclusion in the estate is an export processing zone (EPZ).

General Manager Paiboon Suranpiti says land sales totaled 511 million baht (\$20.4 million) last year, with the price set at about \$52,000 an acre. With equivalent sales this year, the remaining 30 percent of land currently vacant should be taken by the end of 1988.

To date, 60 percent of Bangpoo's clients have been Taiwanese companies, 30 percent Japanese, and the remainder American, West European and Thai.

Though there were few takers during the estate's first ten years, they came flocking in as the Thai economy began its surge in early 1987. "We were in line with the government's policy to net foreign investment," says the general manager.

The government is involved through the Industrial Estate Authority of Thailand. The private sector partner is Thailand Industrial Real Estate Development Company, chaired by Udane Tejjapipul, Sino-Thai founder of an extensive financial empire.

—T.V.M.

Economy

Continued from page 9

A markedly improved political situation also appears to have helped boost outside investment. Talk about Thailand as "the next domino" that would fall to communists in neighboring Indochina is virtually non-existent. And domestically, Prem Tinsulanonda has become the longest-serving prime minister in modern Thai history, his eight-year tenure a sharp contrast to earlier coups d'état and attempted power grabs.

The Japanese are the leading investors, accounting for some 70 percent of outside investment capital approved by the government's Board of Investment last year. But there is also substantial interest from Americans, Western Europeans and the "Four Tigers" — Hong Kong, Singapore, South Korea and particularly Taiwan.

"We'd like nothing better than to diversify the sources of foreign investment," says Bangkok Bank executive chairman Amnuay Viravan. "There is an optimum point beyond which you don't want your country to be influenced by an outside economy."

Thai economists say the country's current takeoff is the result of more than two decades of conscious effort converging with some fortunate timing.

In contrast to a longish list of developing nations, the Thai government subscribed to conservative fiscal management and eyed budgetary and trade deficits with proper alarm. It pursued energy alternatives, including offshore natural gas, to cut hefty oil import bills. And it encouraged diversification from basic agriculture — now contributing less than half the GNP — to manufacturing, which has been expanding at an annual rate of about 10 percent. With able assistance from private sector leaders, the domestic market mentality shifted toward export orientation.

Then came the lucky breaks: a drop in oil prices, lower interest rates and the decline of the U.S. dollar. On the Asian scene, first-wave industrial power Japan and the second-wave "Tigers" were looking to relocate their industries, casting about for cheaper labor, land and raw materials.

"Everything came into place and all of a sudden we found we could compete on the world markets," said Mr. Amnuay, an early promoter of the export drive.

After several sluggish years, the economy began to move into high gear in early 1985, registering better growth rates than its five partners in the Association of Southeast Asian Nations (ASEAN): Indonesia, Malaysia, Singapore, Brunei and the Philippines.

By 1987, export earnings had risen 30 percent over the previous year, and were still moving at the same level for the first four months of 1988. Textiles, canned food, gems and jewelry, leatherware, plastic products and integrated circuits have been added to traditional exports like rice, rubber and maize. "All the favorable factors are structural, not cyclical," says Dr. Phisit Pakkaseem, deputy chief of the National Economic and Social Development Board. "In the long stretch from 1960 to 1988 the only bad years were 1981 to 1984, following the second oil shock."

While there is considerable self-congratulation going on, planners are already preparing for competition from China, India, Indonesia, Sri Lanka and other Asian countries where wages fall below those of Thailand. There is the further question of how Thailand can make a smooth transition to NIC status.

Dr. Phisit and others point out that with a per capita annual income of \$1,000, Thailand still has a way to go before it reaches the \$3,500 level which generally signifies NIC status. Others like Mr. Amnuay also note that the country's industries are still over-reliant on outside technology.

Dr. Phisit, regarded as one of the country's top economic planners, lists other changes that should take place in the next few years, including a movement from family-owned companies to listed corporations, a shoring up of financial institutions and the training of more engineers and computer experts.

—T.V.M.

Tourism

Continued from page 9

pected foreign enthusiasm to wane, the number of visitors increased another 27 percent during the first quarter of 1988.

The numbers might fluctuate but there is no sign of the TAT altering its concerted drive to make Thailand a household word and a not-to-be-missed destination.

Queen Sirikit's 56th birthday on August 12 heralds the launch of the "Thailand Arts and Crafts Promotion Year," which involves a variety of fairs and fanfare to promote Thai handicrafts.

The queen is matron of the arts in Thailand and the promotional year includes the opening of new merchandising outlets for Thai handicrafts — jewelry, textiles, garments, artificial flowers, silk products, umbrellas, bronze and brassware and

hill tribe arts — throughout the country. In addition, events are scheduled in different international cities to promote Thailand.

Thailand also plans to play a pivotal role in the "Visit ASEAN (Association of South East Asian Nations) Year" scheduled for 1992 — when the country will coincidentally be celebrating the queen's sixtieth birthday.

"All these events combine to create a long-term coordinated program to attract a wide variety of tourists while simultaneously promoting the country's excellent service and facilities," explained Dharmnoon Prachuabmoh, the governor of the TAT.

Can the tourism infrastructure cope with the rapid growth?

It looks like it. The new Bangkok airport makes international connections a breeze and the country has enough diverse domestic destinations to accommodate the tastes of tourists seeking variety — from calm Buddhist temples and virginal jungle to exciting nightlife and beckoning beaches — and other spices of life.

There may be an occasional shortage of hotel rooms in Bangkok, which continues to mature as a destination for convention and business tourism, but that is understandable in a city with reasonably priced hotels which deservedly have the reputation of providing the best service in the world.

Naturally Bangkok has some big-city problems which do not fail to strike a visitor. Although authorities are discussing rapid transit systems and thoroughways, the streets are a sprawl of pollution and noise created by trucks, cars, tuktuks (motorized three-wheelers) and motorcycles.

But this noisy and negative first impression actually has a positive impact. The frenzy makes a tourist's first relaxing moment — whether it is around the hotel pool, a visit to the Reclining Buddha, or full treatment (which ranges from ear cleaning and head massage to pedicure and foot massage) at the many renowned Thai barbershops — seem even more peaceful than it would in a place of pastoral calm.

In fact, visitors and foreign residents agree that what makes Thailand so consistently interesting is the calm Buddhist population (over

90 percent of the population are Theravada Buddhists) seemingly unbothered by such mundane problems as traffic, humidity and heat.

Bangkok, Buddhist tranquility and exceptional tourist attractions are only part of a visit to Thailand.

Shopping is a particularly profitable and pleasant pastime. Singapore or Hong Kong are better for electronics and high-tech items, but Thailand is a bargain for the many items detailed in the Official Shopping Guide published, along with recommended shops, by the TAT. It is rare to see a tourist not having a suit or silk ensemble fitted at one of the many tailors while simultaneously debating the value of a particular sculpture at the shop next door.

Thai food, of course, also has a hot reputation. There are hundreds of good restaurants, including a vast number of vegetarian eateries, throughout the country. But if you feel lonely join the other 2,999 diners at Tum Nak Thai (131 Rachadapisek, Tel: 277-8833), which opened in 1985 on ten acres and thus earning it the title of the world's largest restaurant. The tables are located under well-lit open-air pavilions and amidst fish-stocked ponds. Some of the 1,000 employees take orders and serve on roller skates and about 30 percent of the guests are tourists.

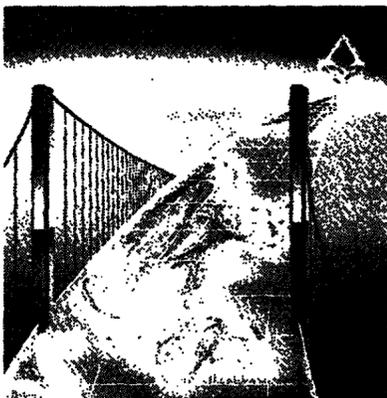
"Visit Thailand Year" and the Guinness Book of Records helped us attract an increasing number of foreigners," explained Varavuth Satalit, assistant service manager. "If things keep growing we may have to become even bigger."

That would give Thais another statistic to tout, but the country plans to do more than rest on its current numerical laurels. A group representing a number of national businesses and organizations has been formed to help the TAT determine its future orientations.

"We want visitors to stay longer and consume the whole panorama that is Thailand," explained Dharmnoon Prachuabmoh, noting that special discounts on hotel rooms and tours will enable tourists bound for or returning from the Seoul Olympics to visit Thailand for little extra cost. "Our challenge is to creatively enlarge the range of tourist activities while maintaining the level of service."

—J.S.M.

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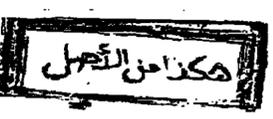
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"WE WILL REIGN WITH RIGHTEOUSNESS, FOR THE BENEFIT AND HAPPINESS OF THE SIAMESE PEOPLE."

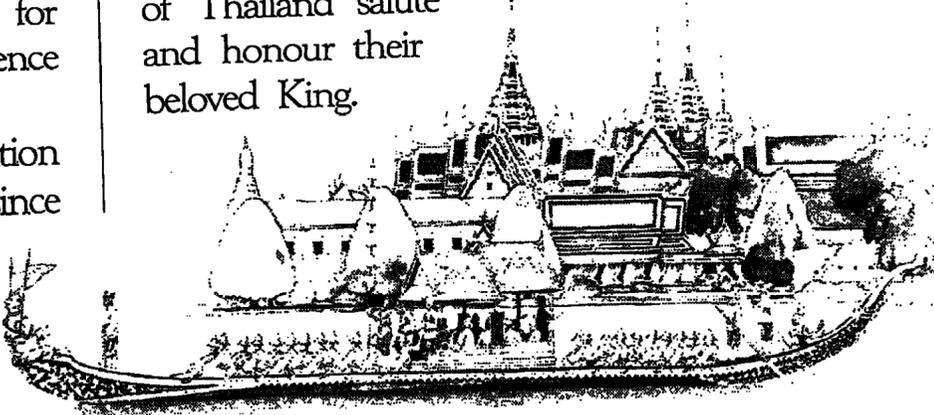
This solemn promise, the coronation pledge of Thai Kings throughout history, was affirmed by His Majesty King Bhumibol Adulyadej on being crowned Rama IX, ninth sovereign of Thailand's Royal House of Chakri. On that day, King Bhumibol Adulyadej became heir to the aspirations and the cares of the Thai people. It was indeed a heavy responsibility for the young monarch, who had succeeded to the throne on 2nd July, 1946 at the age of only eighteen.

His Royal forebears of the Chakri dynasty by their diligence and farsightedness secured both the independence and cultural integrity of the Thai nation. Such great figures as King Mongkut (Rama IV) and King Chulalongkorn (Rama V) are today still honoured for the prosperity their reigns brought to the people of the Kingdom, and for the crucial part they played in the emergence of modern Thailand.

The hopes and prayers of the Thai nation have been answered in the forty-two years since His Majesty King Bhumibol Adulyadej ascended to the throne. His Majesty's devotion to his people has been tireless. He has travelled the length and breadth of

his Kingdom, personally initiating many projects, both large and small, to further the happiness and well-being of all his subjects. No village is too remote, no task too arduous. Thanks to his keen intellect and caring nature, he has developed a deep understanding of the daily lives of the many and diverse peoples who together make up the Kingdom of Thailand.

On July 2nd 1988, His Majesty King Bhumibol Adulyadej becomes the longest-reigning monarch in the entire history of the Thai nation. Throughout the country, his people rejoice, not merely in celebration of this Royal milestone, but also with gratitude and pride. For the reign of King Bhumibol Adulyadej has been an outstanding period of achievement and advancement for the Thai nation. On this happy occasion, the people of Thailand salute and honour their beloved King.



A Joyous Era In The History Of The Royal House Of Chakri.



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Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE Stk. 100 High Low Close

Table with columns: 12 Month High Low Stock Div. Yld. PE Stk. 100 High Low Close. Lists various stocks and their prices.

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U.S. Futures

Via The Associated Press

July 1

Season High Season Low Open High Low Close Chg.

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Grains

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Food

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Currency Options

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PHILADELPHIA EXCHANGE

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Dividends

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DM Futures Options

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Table with columns: Season High Season Low Open High Low Close Chg. Lists livestock futures.

Currency Options

Table with columns: Season High Season Low Open High Low Close Chg. Lists currency options.

PHILADELPHIA EXCHANGE

Table with columns: Season High Season Low Open High Low Close Chg. Lists Philadelphia exchange data.

London Metals

Table with columns: Season High Season Low Open High Low Close Chg. Lists London metals.

U.S. Treasuries

Table with columns: Season High Season Low Open High Low Close Chg. Lists U.S. treasuries.

Dividends

Table with columns: Season High Season Low Open High Low Close Chg. Lists dividends.

DM Futures Options

Table with columns: Season High Season Low Open High Low Close Chg. Lists DM futures options.

London Commodities

Table with columns: Season High Season Low Open High Low Close Chg. Lists London commodities.

Spot Commodities

Table with columns: Season High Season Low Open High Low Close Chg. Lists spot commodities.

U.S. Futures

Via The Associated Press

July 1

Season High Season Low Open High Low Close Chg.

Table with columns: Season High Season Low Open High Low Close Chg. Lists various futures contracts.

Grains

Table with columns: Season High Season Low Open High Low Close Chg. Lists grain futures.

Food

Table with columns: Season High Season Low Open High Low Close Chg. Lists food futures.

Metals

Table with columns: Season High Season Low Open High Low Close Chg. Lists metal futures.

Livestock

Table with columns: Season High Season Low Open High Low Close Chg. Lists livestock futures.

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EUROBONDS BY CARL GEWIRTZ. IN THE IHT EVERY MONDAY. PLUS AN EXCLUSIVE LISTING OF 2000 EUROBOND PRICES.

The Daily Source for International Investors. Herald Tribune.

Paris Commodities, London Metals, U.S. Treasuries, Dividends, DM Futures Options, London Commodities, Spot Commodities.

U.S. Treasuries, Dividends, DM Futures Options, London Commodities, Spot Commodities.

Texas Air Drops Plan to Sell Off Eastern Shuttle. NEW YORK — Texas Air Corp on Friday dropped union-opposed plans to sell the profitable Northeast shuttle operated by its Eastern Airlines unit to another subsidiary.

Hunts Give U... By Thomas C. Hayes... SHIPS: Wartsila... LOW COST FLIGHTS... ACCESS VOYAGES... HOLIDAY... TO THE EGYP... THE U.S... ESCORT SERVICE... INTERNATIONAL ESCORT SERVICE... TO OUR READERS... FRANCE TO HELP SOVIETS... PHASE OUT NUCLEAR SITES... TO OUR READERS... FRANCE TO HELP SOVIETS... PHASE OUT NUCLEAR SITES...

CURRENCY MARKETS

DOLLAR: Currency Buoyant Despite Japanese Sales

(Continued from first finance page)

The U.S. unit has been comparatively small.

Although the Bank of Japan and the Federal Reserve have not actively intervened against the dollar, dealers remain wary of such action, particularly if the dollar continues to climb.

The Fed and the Bank of Japan will start getting more active if the levels of 1.85 marks and somewhere near 140 yen are reached, predicted Hubert Pedrol of Credit Suisse.

In London, the dollar rose to 1,820 DM from 1,816 on Thursday, still down from an eight-month high of 1,825 touched before the Thursday finish. Against the yen, it closed at 134.15, its highest level this year in Europe, up from 133.65.

The U.S. currency also rose against the Swiss franc, closing at 151.15 after Thursday's 1,506, and against the French franc, to 6.1395 compared with 6.1285.

The British pound slipped to \$1.7005 after Thursday's 1.7075.

As a result of repeated Bundesbank intervention Friday and West Germany's half-point rise to a 3 percent discount rate on Thursday, the dollar's London finish was barely higher than the close the previous Friday, when it ended at 1,8145 DM.

But it was almost 4 yen above its 130.50 yen finish a week ago as speculation mounted that the Japanese and U.S. administrations wish to see the dollar higher for political reasons.

The Japanese Finance Ministry is said to be unwilling to antagonize small and medium-size companies, which have suffered most from the

London Dollar Rates

Table with columns: Closing, Fri., Thu., and Source: Reuters. Rows include Deutsche mark, Pound sterling, Japanese yen, Swiss franc, and French franc.

yen's rise these last three years, by quickly, said Mr. Fox of Citibank. The ministry is trying to muster all possible political support to get a tax reform package through parliament, according to analysts in Tokyo.

Meanwhile, a firm dollar would be convenient for the current U.S. Republican administration ahead of the presidential elections this autumn, analysts say.

A stronger dollar would lessen the pressure for higher interest rates, thus alleviating the risk of a recession, analysts say, and it would make the U.S. trade deficit shrink faster by making import prices cheaper.

A buoyant dollar would also enhance the attraction of U.S. securities for foreign investors.

Kazuhiro Habara, an economist at Dai-ichi Kangyo Bank, said: "I think the Japanese monetary authorities are prepared to tolerate a weaker yen so long as it does not push up import prices."

Dollar Signs From Tokyo

Compiled by Our Staff From Dispatches

LONDON — The Japanese joined the West Germans on Friday in trying to stop a three-week surge in the dollar, but Tokyo said it would not follow the Bundesbank's lead in raising interest rates.

Dealers in Singapore said the Bank of Japan sold a modest \$30 million to \$50 million for Deutsche marks in the currency market there, through a Japanese bank.

The Japanese central bank sold dollars at around 1,825 DM in the afternoon," a Singapore dealer said. This was said to be a token and no Japanese intervention to support the yen was detected.

However, the hint that the Japanese were moving up alongside the Bundesbank, which, with other European central banks, has tried to brake the dollar all week, made markets cautious.

The Bundesbank announced a half-point increase in its discount rate Thursday, triggering rate increases elsewhere in Europe.

In Tokyo on Friday, Finance Minister Kiuchi Miyazawa said Japan would not follow West Germany's move. He said he had no "new ideas" on monetary policy because the fundamentals of the Japanese economy were "very good."

However, a Bank of Japan official was quoted by Japan's Kyodo news service as saying that the current mood prevailing in the currency market "is undesirable."

The agency quoted the official as saying that speculators had sold the yen against the dollar expecting that the central bank would not intervene and that this mood was undesirable. Next week something must be done, he said, without saying under what conditions.

(Reuters, AFP)

A Baker Reminder to the Cabinet

Secretary Warns Others Against Comments on Dollar

By Hobart Rowen

Washington Post Service

WASHINGTON — Treasury Secretary James A. Baker 3d warned other Reagan cabinet officials last week that because the recent rise in the dollar in foreign exchange markets had created a "very tender situation," all comments on the dollar should come from him or from President Ronald Reagan, according to one official who was present.

A Treasury spokesman said Mr. Baker categorically denied referring to a "tender situation," but acknowledged that he had reminded his colleagues that only he and the president were authorized to talk about the dollar.

Mr. Baker's remarks came during an Economic Policy Council meeting at the White House, immediately after his return from the economic summit in Toronto.

There, the Group of Seven leading industrial democracies reaffirmed their goal of achieving exchange rate stability and said that either a further decline in the dollar or an excessive rise would be "counterproductive" to the process of reducing trade imbalances.

Although the dollar's sharp rise in recent days has stalled at higher levels after real and rumored central bank intervention, most dealers said the market still supported its recent rally.

Officials in Washington and in the other major industrialized nations engaged in the dollar-stabilization effort have not been willing to say its rise so far is "counterproductive." That leads participants in foreign exchange markets to conclude that a further dollar rise is acceptable, therefore they buy more dollars.

Mr. Baker's reminder of the administration rule limiting comments on the dollar to his and those



James A. Baker 3d

would not have any immediate impact on the U.S. trade deficit.

"I see no threat to adjustment in the year ahead," Mr. Sprinkel said. "I see no abatement in the rise in exports."

In recent days, such U.S. officials as Clayton K. Yentzer, the trade representative, and Robert Ormer, the undersecretary of commerce for economic affairs, have expressed the same sentiment.

The dollar's current exchange rates are far below the peak levels of 1986 and 1987 that reduced demand for American manufacturing exports. Moreover, a rising dollar may have some political benefit, easing the fear of inflation and thus taking pressure off the Federal Reserve to pursue higher interest rates.

Central bank intervention this week apparently was designed only to smooth the pattern of the increase, not to knock the dollar down, observers said.

Mr. Bergsten said he did not think the dollar's rise reflected a fundamental improvement in the underlying economic situation, but was purely technical.

"The markets got onto the fact that the central banks are committed to supporting the dollar," he said, "because the underlying budget deficit problem can't be tackled by a lame-duck administration in any event."

"When to their surprise the central banks didn't put a cap on the rise, the market operators decided they could continue to make money until the central banks come in a countervailing way."

Mr. Bergsten said he suspected that the central banks were hesitant to put a stop to the rise, because they feared the markets would then test the downside of the dollar, perhaps touching off a sharp fall.

"The G-7 is being by its own petard," he said.

But Beryl W. Sprinkel, the chairman of the president's Council of Economic Advisers, said the rise

Fed Not Behind Recent Rise in Short-Term U.S. Rates, Analysts Say

NEW YORK — The latest week's banking data show that the Federal Reserve has not changed its credit stance even though short-term money market rates have risen in the United States and overseas, economists say.

Analysts still questioned whether the Fed or market forces pushed the rate for federal funds to 7% percent from the 7% percent that prevailed recently. Federal funds are overnight reserves that banks trade among themselves, although the Fed can influence the rate.

But economists said that the latest U.S. banking figures suggested that the Fed was steering a steady course as its policy-making Federal Open Market Committee met to set policy for the second half of the year, even though the funds rate was up sharply and European central banks moved to raise rates.

"The latest numbers show in the clearest possible terms that nothing has changed at the Fed," said Anthony Karydakos, of Mitsubishi Bank Ltd.

Adjusted discount window borrowings in the latest week averaged \$541 million a day, producing an average \$520 million a day in the two-week bank statement period ended Wednesday.

In the two previous statement periods, borrowings averaged \$479 million and \$582 million, for a three-week average of \$527 million.

According to Mr. Karydakos, that shows that the Fed has not changed its \$550 million borrowing target, the level it is believed to have aimed for since late May.

Steven Sifer, of Lehman Government Securities, said the Fed's current borrowing target of about \$550 million would yield an equilibrium funds rate of about 7% percent were it not for some inexplicable reluctance on the part of commercial banks to borrow from the central bank.

Indeed, the 14 U.S. money center banks have not borrowed in this fashion for four of the past five weeks.

Mr. Karydakos said, however, that it has simply taken three maintenance periods for the Fed's late-May tightening to work its way through the banking system. Economists may have concluded initially that the funds rate would trade at 7% percent, but it is now clear that funds will settle around 7% percent, he said.

The Fed added reserves to the banking system every day of the latest week, but the funds rate fell steadily nonetheless, rising from an average daily effective rate of 7.55 percent on June 23 to 7.87 percent last Wednesday. On Thursday, funds traded between 7% percent and 8% percent.

Economists said that the Fed's open market operations that the past two days demonstrated that it did not engineer the firm funds rate, however. It added reserves on Wednesday via two-day system repurchases

and, on Thursday, added reserves via overnight system repurchases.

"What they did Thursday was clearly a rate protest," Mr. Karydakos said. According to analysts, the Fed initiates overnight market operations when it wants to signal disapproval with the current level of the funds rate.

John Doyle of MMS International Inc. in New York said the Fed also appeared to be telling markets that it would not be following Thursday's half-point discount-rate increase by the West German Bundesbank.

The Bundesbank action was followed by the Netherlands, Switzerland, Austria and Belgium.

"The fact is, their currencies are depreciating and they are concerned over the inflationary impact of a rise in import prices," Mr. Sifer noted. "I would not look for the Fed to follow the rise in interest rates in Europe."

money: they have very specific

of how it should be spent.

They propose to spend 10 percent of the total to try to reduce the demand for drugs, through more education, policing and public health, and 40 percent on fighting to reduce the supply through medication, eradication of drug crops abroad.

This will be the major part of the proposal. It does not mean budget emphasis on drugs, but rather getting into the weeds. The proposal does not mean that the fighting drug program should be abandoned. But the main focus is on the supply side.

They may be wrong, but it is the gamble to see if something better than what is being done now is getting done. It is worth a try. It is worth a try. It is worth a try.

There are some other points. Every level of government should be involved. The federal government should be pulling together to a central director in the president's "drug czar" who would bring all the agencies together and coordinate their efforts.

The Department of Justice should be recognized to create a division under a new secretary general. Local, state and federal law enforcement, administrative officials and attorneys should be coordinated.

Washington, a Bureau of Local Affairs should be set up to coordinate the local and federal law enforcement efforts.

On law enforcement, the law drug problem is a law drug problem. It is a law drug problem. It is a law drug problem.

Prosecutors and judges should be recognized to create a division under a new secretary general. Local, state and federal law enforcement, administrative officials and attorneys should be coordinated.

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Friday's OTC Prices

MASDAQ prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded issues in terms of dollar volume.

It is updated twice a year.

Via The Associated Press

12 Month High Low 4 P.M. Net

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12 Month High Low 4 P.M. Net

12 Month High Low 4 P.M. Net

12

ACROSS

1 — House, Washington, D.C.
6 Onio
11 — veau (sweetbread)
16 Items in stacks
21 Small stream, in England
22 Split
23 Outward
24 Praying female figure
25 Set — (prepare to snare)
26 Union general
27 Diplomat Silas
28 Devilfish
29 Closet pest?
31 Superman?
33 Having droopy auricles
34 Facial bone
36 Subject of some roasts
37 Hardy heroine
38 Country singer
39 Arrow's little cousin
40 Vexed or rubbed
44 Bribed
45 Stuffs
46 Morning hrs.
49 Valhalla gods
50 What an earnest Figaro when depressed?

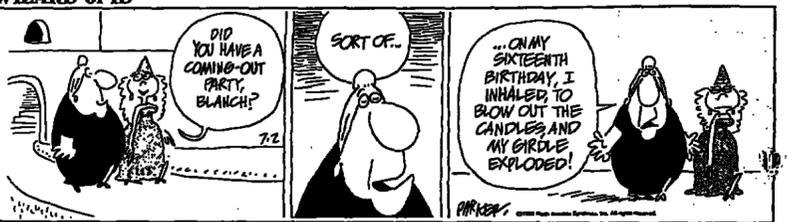
ACROSS

53 Stigma
54 Sing Sing warden-author
55 Rake
56 Bill's partner
57 Donizetti
58 Russian sea
59 "... away John 1:29
61 Posture at bat
64 R.I.P. notice
65 Certain gait
67 Quaker in a grove
69 Menhaden
71 Whale constellation
72 Trick
73 Boy singer of the 30's
74 Barge
77 Ritual meal
78 Famed former ruler
82 Music halls
83 Strut
85 Nova
87 An armadillo
88 "Hamiltons"
89 Gibbon
90 Prado offering
91 Certain gait
92 Conductor Jeffrey
93 Rossi's "Maria"

ACROSS

98 Kayo blows
99 Sights in the Bx.
100 Painters, e.g.
101 Crazy as
102 Author of "Tristram Shandy"
103 Summers, in Aries
104 Fold
105 Partner of aid
107 "To every thing there is ...": Eccl. 3:1
111 Made with pickets
112 Led
117 Mystery novel?
119 Moonshiner?
122 Fanon
123 Conjecture
124 Rejoice
125 Rhone tributary
126 Passe
127 Bone: Comb. form
128 Type of angler
129 Curves in Paris)
131 Vance of whodunits
132 Crystalline crust
133 Purposes

OYEZ! OYEZ! By Jack R. Harnes



DOWN

1 Melee
2 Kind of graph or sphere
3 Anchor position
4 "... war": F.D.R.
5 Some guns or students
6 Hordes
7 Handles
8 Of grand-parents
9 Advise, in Yorkshire
10 Sap
11 Memorable sportswriter
12 Summer refresher
13 Brenda or Bart painter?
14 Of Denmark: Comb. form
15 Toothless
16 Alley frequenter
17 Hurdles for would-be Ph.D.'s
18 ... (armed - mounts soldier)
19 ... nous
20 Bet
21 Talking horse
22 Inserts on
23 Domesday Book money
24 "Cape Martin" painter?
25 Pythias' friend
26 A capital of Assyria
27 ... pin drop
28 Egyptian dam
29 Fox hunt?
30 ... (armed - mounts soldier)
31 This is sometimes ironclad
32 Theme
33 Egyptian unit
34 Display of daring
35 Gods, to Galba
36 Lachrymose
37 Besten, in Brest
38 Sopranos Lehmann
39 Beau
40 Polite blokes
41 Clipped fishes
42 Element used in metallurgy
43 Accumate
44 Ever, in poesy
45 Ballet
46 Blackthorns
47 One who talks only to God
48 Games for would-be millionaires
49 Engine
50 Establishment not requiring union membership
51 Advertising hoopla
52 Not a weather vane
53 The common plantain
54 Sows again
55 A Belgradian
56 Piece of fourth-class mail
57 Confuses
58 Swarthy, in Savoie
59 Home
60 Koran chapters
61 Les ... Unis
62 Formal mail
63 Loren's married name
64 Jai-alai basket
65 Twitch
66 Weard
67 Garb
68 Dismalful interjection
69 Hedge that bars cattle
70 Finnish city or river

DOWN

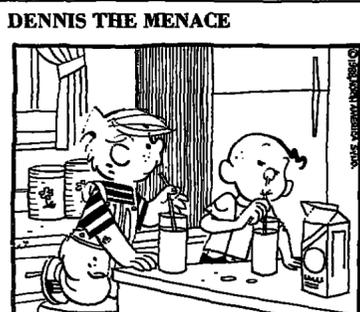
52 A Mendelssohn opus in E flat major
53 An Ivy League roller in the 1790's
54 Fox hunt or Thomas
55 Prepares for a bout
56 Triter
57 "Maria"
58 1933 song
59 Rent
60 Bishopric
61 Gods, to Galba
62 Lachrymose
63 Besten, in Brest
64 Sopranos Lehmann
65 Beau
66 Polite blokes
67 Clipped fishes
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95 Hedge that bars cattle
96 Finnish city or river

WAGING PEACE AND WAR: Dean Rusk in the Truman, Kennedy, and Johnson Years
By Thomas J. Schoenbaum. 592 pages. \$22.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N.Y. 10020.

BOOKS
him. By that time, LBJ and Rusk — Southern boys who worked their way up from dirt-poor beginnings — were getting along famously.

Reviewed by Reid Beddow
WHEN in 1960 John F. Kennedy picked Dean Rusk to be secretary of state, the soft-spoken Georgian was not his first choice. Kennedy would have preferred William Fulbright and actually asked Robert Lovett who turned him down. So he turned to Rusk, everybody's second choice. Amid the grandees of the New Frontier, Rusk stood apart: He didn't go to parties, he was seclusive.

So Rusk survived. In fact, he served as secretary of state longer than any other person in this century, save Cordell Hull. He capably faced an impressive series of international crises: the Bay of Pigs, Berlin, missiles in Cuba, the Congo, the Six-Day War. He was in the forefront of the negotiations and administration of the nuclear test-ban treaty. He led American efforts to welcome the new African republics into the world community. He used the prestige of his office to push civil rights legislation at home.



Solution to Last Week's Puzzle

World Stock Markets
Via Agence France Presse Closing prices in local currencies, July 1.

Amsterdam	Brussels	Frankfurt	London	Madrid	Paris	Sao Paulo	Singapore	Stockholm	Zurich
ABN Bank 42.50 AGF Holdings 42.50 Aegon 42.50 Alpiq 42.50 Alstom 42.50 Axa 42.50 Banco de Portugal 42.50 Banco de Sicilia 42.50 Banco de Valencia 42.50 Banco de Vizcaya 42.50 Banco de Zaragoza 42.50 Banco de Canarias 42.50 Banco de Galicia 42.50 Banco de Asturias 42.50 Banco de Cantabria 42.50 Banco de Castilla-La Mancha 42.50 Banco de Extremadura 42.50 Banco de Castilla y Leon 42.50 Banco de Madrid 42.50 Banco de Navarra 42.50 Banco de Rioja 42.50 Banco de Valencia 42.50 Banco de Vizcaya 42.50 Banco de Zaragoza 42.50 Banco de Canarias 42.50 Banco de Galicia 42.50 Banco de Asturias 42.50 Banco de Cantabria 42.50 Banco de Castilla-La Mancha 42.50 Banco de Extremadura 42.50 Banco de Castilla y Leon 42.50 Banco de Madrid 42.50 Banco de Navarra 42.50 Banco de Rioja 42.50 Banco de Valencia 42.50 Banco de Vizcaya 42.50 Banco de Zaragoza 42.50 Banco de Canarias 42.50 Banco de Galicia 42.50 Banco de Asturias 42.50 Banco de Cantabria 42.50 Banco de Castilla-La Mancha 42.50 Banco de Extremadura 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SPORTS

Down 2 Sets, Edberg Defeats Mecir to Gain Final

By John Feinstein

Washington Post Service
LONDON—Stefan Edberg was dead and gone. So was Ivan Lendl. Both were outplayed for two sets Friday. Both were in serious trouble in the third.

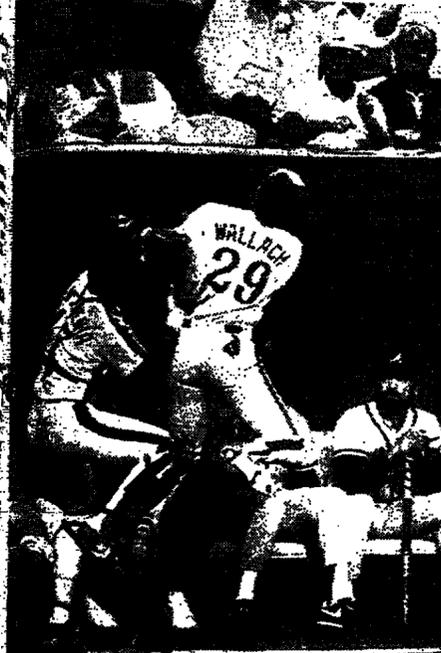
One more break and he probably would have been in the locker room thinking about his next tournament. Two years ago, when Mecir upset him in the third round here, Edberg shrugged and said, "Oh well, there's another tournament next week."

Actually, he made Mecir look foolish, gradually turning the tables on him. Mecir, who is 24, may have as much natural talent as anybody in the game, unorthodox as he is. He glides to the ball more than he runs to it and, with his two-handed backhand, he is harder to read than Faulkner.

But Mecir is as moody as he is brilliant. Lendl tells a story about a Davis Cup match several years ago that Mecir forgot to show up for. Although he rarely betrays any emotion on the court, there are days when it is clear he doesn't want to be there and the results usually reflect that.

This spring, troubled by a back problem, he has played very little and as the match stretched on—it took three hours and 10 minutes to play—he appeared to lose some of his zip while Edberg's legs got springier with each passing game.

"After that I thought I had a chance to win," Edberg said. "At the end of the second set it seemed like such a long way to come back but when I got the third I knew I had a chance if I could stay in there with him." Mecir didn't die quickly. Again and again he had Edberg in trouble early in the fourth set.



Edberg, left, and Navratilova, watching each other's semifinal matches.

Graf vs. Navratilova a Hot-Ticket Match

By John Feinstein

WIMBLEDON, England—It is the match everyone expected and most people wanted: Martina Navratilova against Steffi Graf in the Wimbledon final. The old champion against the new, two generations meeting at the focal point of tennis: Center Court.

last year, playing a tactical match to beat Graf here, 7-5, 6-3. Then she routed Graf in the U.S. Open final in September, 7-6, 6-1. Graf has been overwhelming here so far winning her six matches without dropping a set and losing only 17 games.

Navratilova is always ready for a Wimbledon final. Eight times she has walked onto Center Court carrying the silver plate presented to the women's champion. Earlier in the week, when someone asked her what motivated her most here, Navratilova said, "I want to hold that damn plate again."

There is a difference between this year and last it is that Graf clearly expects to win. In 1987, Graf not only played on grass for two years, she was a little surprised to make the final. This year she came fully expecting to be in the final, ready to beat Navratilova on grass.

At 31, Navratilova, once the dominant physical force in the game, is now a master tactician. Graf, at 19, is bigger and hits the ball harder. But Navratilova has the experience, the left-handed serve and, perhaps most important, the desire.

Holman, in His 2d Start, Helps Expos Rout Braves

Compiled by Our Staff From Dispatches
MONTREAL—Brian Holman, who will never forget his major-league debut, always will remember his second game, too.

"This is the sweetest one I've ever had," Holman said Thursday night after pitching a five-hit shutout for his first victory as the Montreal Expos beat the Atlanta Braves 6-0.

He had not had time to get nervous before the first appearance, he said Thursday, "but tonight I was — and that nervous energy helped me along. Everything came together, and the bats helped out, especially in that seventh inning."

WIMBLEDON TENNIS

points during the tiebreaker, including one which he came in behind a serve and netted an easy forehand volley with Lendl completely helpless. That made the tie-break score 6-5.

Given that breath of life, Lendl saved a second match point with a sharp forehand volley and then won the set with a screaming forehand that Becker volleyed wide.

But, like Becker later, Mecir could not finish off a dazed opponent. No Mike Tyson here. In the third set, Mecir had five break point chances. He converted none of them. Edberg won the set. In the fourth set, Mecir had six break points. He converted three.

BASEBALL ROUNDUP

out for his first victory as the Montreal Expos beat the Atlanta Braves 6-0. "This is one you don't forget."

He had not had time to get nervous before the first appearance, he said Thursday, "but tonight I was — and that nervous energy helped me along. Everything came together, and the bats helped out, especially in that seventh inning."

SCOREBOARD

Table with columns for Major League Standings, Major League Leaders, and Wimbledon Results. Includes team names, records, and match outcomes.

TRANSITION

BASEBALL
CHICAGO—Paced Ivan Calderon, outfielder, on the 15-day disabled list. Activated Ken Williams, infielder, from the disabled list. Recalled Russ Arman, outfielder, from Vancouver of the Pacific Coast League.

Cycling Tour: France Looks for Winner of Its Own

By Samuel Abt

NANTES, France—As he cheerfully admits, Jean-François Bernard is on the spot as the 75th Tour de France prepares to set off Monday in what appears to be the least-demanding, most open race in years.

All those riders, though, are foreigners, as were the last two winners of the tour. Among the French, the name most often heard is Bernard's. His back hurts, his team is suspect, he has never finished first in a major race.

The country needs a winner, badly. This has not been a good year for France in sports — the national soccer team did not make it to the European championships, the hockey team at the Winter Olympics in Calgary was nicknamed "Les Miserables" and the Summer Olympics in Seoul threatened to be the usual French debacle in major sports.

"I've always had this image of a rider with a long list of victories," he says, "even if I haven't won much. People quickly confuse your potential with your results. But there you are. Everybody thinks of me as Bernard's successor, so that's who I am."

Next in line behind the climbers, as favorites are the time-trial specialists, such as Bernard and Kelly, the Irishman who won his first victory in a major stage, or multi-day race. They get three chances to pick up time on the field, including a race against the clock in Burgundy the day before the tour finishes.

TOUR 88 of France. July 4 - 24. 3,284 km. Map of France showing the Tour route with cities like Paris, Nantes, and Bordeaux. Includes text about the race and a Longines watch advertisement.

Thursday's Line Scores

Table showing baseball scores for various teams including New York Yankees, Chicago White Sox, and Los Angeles Dodgers.

CYCLING

Table listing the stages of the Tour de France, including dates, distances, and stage names.

Longines advertisement for the Grand Prix of France, Le Castellet. Features a Longines watch and text: "You have a date with Longines Precision." Includes the Longines logo and brand name.

